Automotive News®

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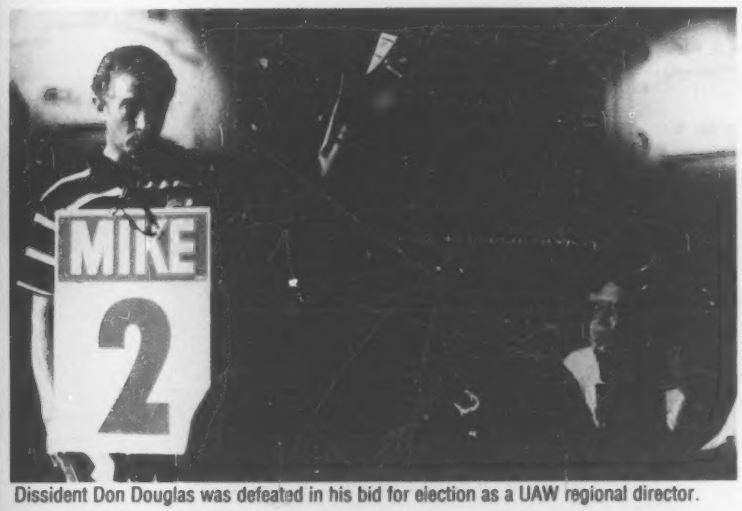

Dissident Don Douglas was defeated in his bid for election as a UAW regional director.

UAW dissidents lose out; Bieber programs hailed

By Louise Kertesz
AUTOMOTIVE NEWS STAFF REPORTER

ANAHEIM, Calif. — In an impressive display of political power culminating at the UAW Constitutional Convention last week, the union's administration won overwhelming support to expand its cooperative programs with the automakers and bar dissidents from the union's highest levels.

New Directions dissidents, who claim management is undermining the union through the joint programs that emphasize a cooperative rather than an adversarial relationship, said most delegates did not represent the growing frustration of the rank and file.

Dissidents said the power of that plant-floor unrest will grow as joint programs with the automakers fail to stem plant closings and concessions.

But the tangible power demonstrated here overshadowed that prediction.

UAW President Owen Bieber, presiding with new-found forcefulness over the 2,000-member delegation, permitted an airing of dissident objections to UAW strategy that has included cooperative joint programs and the acceptance of the team method of production. New Directions positions and candidates were nonetheless soundly defeated.

see UAW, page 57

Small-car content shift leads GM's CAFE plan

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

General Motors will shun Ford Motor Co.'s offshore-sourcing strategy and move to bolster its fuel-economy rating by increasing the domestic content of two North American-built small cars that are currently counted as imports.

Ford recently said it will reduce the North American content of its Ford Crown Victoria and Mercury Grand Marquis. The move, to take effect in 1991, will enable Ford to count the gas-thirsty big cars as imports for corporate average fuel economy purposes.

That's not the approach GM will take, said J.T. Battenberg III, head of GM's Buick-Oldsmobile-Cadillac Group. Although it had discussed the idea, it will improve its rating in other ways, he said.

Meanwhile, an aide to Rep. John Dingell, D-Mich., pointed to Ford's strategy as a warning to environmentalists who think that proposals to mandate higher fuel economy standards won't carry side effects.

And Chrysler Motors President Robert Lutz said the United States could be opening the doors to an invasion of big, fuel-guzzling imports if a substantially higher standard becomes law. He pointed to the CAFE credits that many importers have built up through years of being well above the CAFE standard.

The strategies to respond to stricter fuel economy standards for 1990 and possibly tighter rules later in the 1990s came to light last week after a show of unity on the part of U.S. automakers.

The Big 3 confirmed that their top officers met privately June 6 to discuss environmental and fuel-economy issues on the agenda in Washington. The unusual huddle took place days before President Bush revealed details of his proposal for cleaner air.

The automakers did not provide details, but Chrysler's Lutz said the meeting indicated "a willingness of American industry to work together in non-competitive areas to get the job done."

Ford also said it will increase domestic content above 75 percent in the Mercury Tracer subcompact, built in Mexico, as well as the Mazda-built Ford Probe. The Probe, assembled in Michigan, will be helped by the addition of a Ford V-6 engine this fall.

The 75 percent level is the cutoff for whether cars sold by domestic makers are counted as imports or domestics for CAFE purposes.

Unlike Ford, GM said it is not going to increase the foreign content of big cars in order to avoid counting those cars in its domestic fuel-economy number.

The Geo Metro, which goes into production this fall at a joint-venture plant with Suzuki in Ontario, will have at least 75 percent North American content, GM said. Currently, the car is imported from Japan.

In addition, the California-built Geo Prizm, produced with Toyota, should reach 75 percent domestic content by 1990 or 1991, GM said.

The changes will help GM meet the higher 27.5-mpg CAFE standard that takes effect in the 1990 model year.

GM will also attempt to move faster with multi-valve engines and to improve the fuel economy of larger cars, officials said.

Under federal rules, cars sold by domestic makers are divided into two separate fleets: one for their "domestic" cars — those with more than 75 percent U.S. and Canadian content — and another for their "imports" — those with less than that amount.

see CAFE, page 61

LEXUS: *Toyota will jump the gun on introduction of luxury car; sales begin in early August*

By Peter Brown
AUTOMOTIVE NEWS EDITOR

KOHLER, Wis. — The first Lexus luxury cars will be in the hands of some buyers nearly a month before the official introduction on Sept. 1.

Toyota's new luxury channel will start shipping cars to some of its 70 dealers Aug. 2, and those dealers may start selling the cars immediately, said J. Davis Illingworth, Lexus vice president and general manager.

That aggressive launch meshes with the assault Lexus is mounting on the U.S. luxury market: aggressive pricing, aggressive lease terms, and an aggressive warranty and service.

Lexus plans to pursue lease customers by projecting a high residual value for the flagship LS400 sedan. Illingworth said the division assumes a 60 percent residual value at the end of a 24-month lease, and a 52 percent residual value after 48 months.

That high residual value, guaranteed in a closed-end lease through Toyota Motor Credit Corp., would tend to minimize monthly payments because the lessee would be charged for consuming less of the value of the car than if residual values were lower.

In contrast, a lease program by BMW of North America assumes its 535i retains 60 percent of its value after 24 months, or 48 percent after 48 months.

see LEXUS, page 58

MIKE GASPAR

Lexus plans a major leasing pitch for its flagship LS400 sedan.

VW to sell remaining Westmoreland equipment to China

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

Volkswagen AG plans to sell the remaining tooling and equipment from its closed U.S. plant in Westmoreland County, Pa., to a partner in China.

Peter Schelien, a VW spokesman in Germany, confirmed that a contract has been signed between Volkswagen AG and First Automobile Works in the city of Changchun. The agreement calls for removal and shipment of the plant's remaining contents to China. But he said the deal needs final approval from Chinese authorities.

The contract was apparently signed before the violent June 4 suppression of student demonstrations for democratic reform. Thomas McDonald, a Volkswagen of America spokesman in Troy, Mich., said about 30 Chinese nationals arrived in Westmoreland eight weeks ago to undergo training on the equipment and eventually supervise its disassembly and shipment. The process is expected to be completed within six months.

Disclosure of the deal comes at a time other automakers are slow in returning their personnel to China.

While Japanese and U.S. firms withdrew their employees, Volkswagen decided to evacuate only some dependents of German employees. Shanghai-Volkswagen was closed only one day. As a result, Shanghai Mayor Zhu Rongji paid a well-publicized visit to the plant on the outskirts of the city to deliver a personal message of thanks to Burkhard Welkener, the commercial executive director, and his German colleagues.

While production has resumed at the other plants, companies are slow to send back their non-Chinese employees. Chrysler Motors Corp. said it may send back two or three employees in early July to Beijing Jeep, its joint venture with Beijing Automotive Works. Chrysler had eight employees and two consultants at the plant.

see CHINA, page 57

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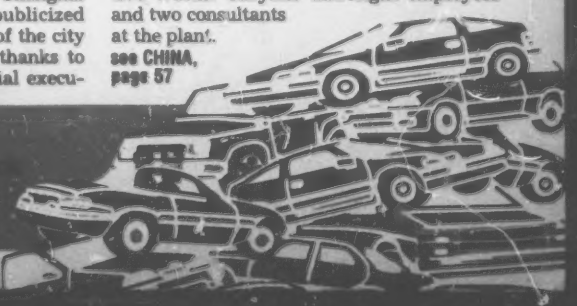

Chrysler aims to boost sales with defense work

Paul Wright, Chrysler's defense chief

By Diana T. Kurylko
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — When Lee Iacocca regretfully sold Chrysler Corp.'s tank company in 1982 to raise cash, he promised the automaker would be back in the defense business.

Now back in the black, Chrysler has made two key acquisitions, consolidated its operations under the Chrysler Technologies banner and is gunning to take the unit from $1.3 billion in sales last year to $5 billion by 1996.

But during Chrysler's forced hiatus from defense, the business changed. Rather than tanks and missiles, the emphasis is on sophisticated electronics. New disarmament treaties between the United States and the Soviet Union along with budget balancing defense cuts means intelligence — spy, communications systems — are the only growth areas remaining.

So when Chrysler returned to the business with a 1987 acquisition, it has moved with the times, focusing on building military planes and telecommunications systems used for intelligence gathering.

Chrysler moved its new high technology and defense unit, Chrysler Technologies Corp., to Washington — where all the defense spending decisions are made — and hired a former aerospace and communications heavy-hitter last fall, Paul E. Wright, to run the subsidiary. Wright, former president and chief operating officer of Fairchild Industries, reports directly to Iacocca. He works in the same building as Chrysler's government affairs personnel — the lobbyists who are in daily contact with the government and can influence its spending.

The subsidiary is off the ground and growing but not at the expense of Chrysler's real business, which Wright frequently refers to as "the auto company." Chrysler Technologies' mandate is not to become a giant like GM Hughes Electronics Corp. or Ford Aerospace Co., but rather a profitable and highly specialized defense contractor.

"Chrysler Technologies is growing at a moderate pace, is self-funding and operates at a positive cash flow," said Wright, 57, an engineer who has spent his entire career in the aerospace and defense industry, most of it at RCA Corp.

In the year that Chrysler Technologies has been pursuing military contracts, its defense business has increased from just over $10 million to $210.86 million, good for 70th among the nation's top 100 defense contractors. This position is primarily due to the acquisition of Electrospace Systems in 1987. That's still significantly less than the $650 million in sales the tank division had in 1982 when Chrysler sold it to General Dynamics Corp. for $348.5 million.

And it pales in comparison to the $3.6 billion in contracts awarded General Motors and $790 million to Ford Motor Co. during the 1988 fiscal

see DEFENSE, page 61

BOB McKEOWN

Chrysler's V-6 is born
Four Chrysler officials display a V-8's worth of fingers for the company's new V-6, a 3.3-liter powerplant being built at the Trenton, Mich., engine plant. The engine will be standard equipment in the 1990 Dodge Grand Caravan, Plymouth Grand Voyager and Chrysler Town & Country minivans and Chrysler Imperial and Chrysler New Yorker Fifth Avenue luxury sedans (story on Page 61). The happy leaders at the press conference last week are Robert A. Lutz, Chrysler Motors president; Richard E. Dauch, executive vice president; John J. "Jack" Fallon, engine plant manager; and Frank M. Clark, general manager of powertrain operations.

SHOT DOWN? *Slow sales of Cadillac Allante may kill costly air-bridge setup*

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — While Cadillac denies it will abandon its novel and expensive air-bridge system of transporting Allante bodies from Turin, Italy, to Detroit, sources confirm the division is talking to land/sea shippers about an alternative method.

The air-bridge system calls for flying Pininfarina-assembled bodies of the luxury convertible from Turin to Detroit. But lagging sales have reduced the thrice-weekly flights to one per week.

The same planes transport shortened Eldorado platforms that serve as Allante underbodies to Turin, where Pininfarina assembles and paints the bodies and installs the interiors. The cars are then air-freighted back to Detroit, where production is completed at General Motors' Detroit-Hamtramck plant.

Sources in Europe say Cadillac is looking at land/sea transport and that it may abandon the air-bridge as early as the 1990 model year.

The air-bridge has been lauded by GM and Pininfarina because it minimizes transit damage. But sources here say the system is proving too expensive for Allante's low volume. Instead, they say, Cadillac will probably decide to transport the bodies by truck in specially designed containers to Bremerhaven, West Germany, and then ship them to America by sea.

But no trucking contract has been awarded.

A Cadillac spokesman denied that there are any plans to change the transport system.

"We're always reviewing parts of our business, but our plans still call for continuing the air-bridge. We have a long-term contract with the air carriers," he said.

The original plan called for three weekly flights to Detroit carrying 56 Allante bodies per plane on Italy's Alitalia and West Germany's Lufthansa airlines. The schedule was based on expected annual production of 6,500 to 7,000 Allantes. A fourth flight was to be added when production hit 8,000.

But Allante's low sales volume has required only one flight per week — on Alitalia. Allante sales in the first five months of 1989 totaled 1,398, down from 1,454 in 1988. Total sales in 1988 were 3,065, up from 2,517 the year before. Allante's 1989 production in Hamtramck through June 24 totaled 1,588, up from 1,135 for the same period in 1988. Production in May was 225 units.

"They are studying other possibilities, but I don't think any decision has been made," said Pininfarina S.p.A. spokeswoman Lorenza Pininfarina. "That is a question better asked of Cadillac."

She said Allante production at Pininfarina is proceeding at the rate of 13 units per day.

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T-Bird/Cougar ex-boss reviews development woes

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

DEARBORN, Mich. — The early retirement of the man who headed the team that created the new Ford Thunderbird has focused attention on some pressing product development problems inside Ford Motor Co.

Tony Kuchta, 58, left the company May 31. And last week, after 32 years at Ford, he was toasted at a sell-out retirement party.

But his program was also the subject of some critical attention from Ford's senior management. Earlier this year, after the Thunderbird Super Coupe picked up Motor Trend magazine's Car of the Year award, the Thunderbird/Cougar team was summoned to a meeting with four top officers.

At that meeting the Ford brass chastised the team for overshooting targets on cost and weight. The session also carried a message for the rest of Ford's product development troops: If you sign on to meet a target, you'd better meet it.

Insiders say the meeting was led by Vice Chairman Harold Poling and also included Chairman Donald Petersen, Executive Vice President Philip E. Benton Jr. and Max Jorsek, Ford's vice president of car product development. It was not the first sign that all was not well with the program.

Kuchta

The development process exposed a range of weaknesses, including gaps in tracking costs, a shortage of manpower, surprise quotes from suppliers, and confusion over the project's mission. The magnitude of the cost overruns, Kuchta said, wasn't realized until less than a year before Job 1.

Some of the problems aren't exclusive to this program. As the Thunderbird/Cougar wind up their first model year on the market, the company is conducting an internal study to find out why product development targets are missed.

There is some feeling within Ford that Kuchta's departure was linked to senior management's displeasure with the program. Others say there was no connection, that after 32 years in Ford engineering trenches on three continents, Kuchta — a father of eight and grandfather of nine — had earned the right to call it quits.

Kuchta says it was his idea. "I asked to retire," he said in a telephone interview. "I wasn't asked to."

Despite the program's troubles, Kuchta is bullish about Ford, the Thunderbird and Cougar, and the company's new approach to product development. Many of the problems his team faced have been resolved, he said. Others have been identified and will be settled in future programs.

Kuchta believes the troubles stemmed in large part from a system that was trying to adapt to that new way of developing cars. As the first all-new cars launched after that change (the 1988 Continental was derived from the Taurus/Sable), the Thunderbird and Cougar

see FORD, page 61

Pilot models roll for Ferrari 348; September intro slated

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

MARANELLO, Italy — Ferrari's new 348 replacement for the 328 two-seater is in pilot production. But despite talk of a launch this summer, company officials say the car won't be unveiled until the Frankfurt auto show in September.

Meanwhile, a new front-engine Ferrari coupe that will replace the four-place 412 will be introduced in 18 to 24 months, according to sources here.

Ferrari gave a small group of journalists a first look at the new two-seater on the production line, though it banned cameras.

Ferrari reportedly considered introducing the car before the Frankfurt show to avoid being overshadowed by BMW's 850i coupe. But company officials said it will debut at the German show.

Some 50 to 70 units of the 348 will be finished in time for the launch. The car will go on sale in Europe early this fall and is expected to be available in the United States four or five months later.

The 348 succeeds the 14-year-old 308/328 range that has been Ferrari's best-selling model. Last year, Ferrari delivered 1,863 328GTB/GTS models worldwide, including 544 in the United States. The 348 is expected to sell at about the same rate.

The new car is long overdue. Spy photos date back at least three years and the car was once expected to bow at the Frankfurt show in September 1987.

Total Ferrari sales in 1988 were 3,940, compared to 3,956 the year before. In addition to the 328GTB/GTS models, last year's total included 1,053 Testarossas, 511 Mondials, 379 208s for the Italian market only, 91 412s and 43 F-40s.

U.S. deliveries last year totaled 1,027, including 544 328GTB/GTS models, 346 Testarossas and 137 Mondials. The 1987 total was 1,054.

As with the 328, the new two-seater will be offered both in coupe and targa versions. The Pininfarina design, with its intake slats on the flanks, bears a strong resemblance to the larger, 12-cylinder Testarossa. The wheelbase of the new car is almost four inches longer than the previous model at 96.4 inches, and width is 2.8 inches greater at 68.1 inches.

HIDDEN IMAGE/HANS G. LENHARD

Ferrari's long-awaited 348 model bears a close resemblance to the larger 12-cylinder Testarossa.

A Ferrari official here said the car has a lower center of gravity than its predecessor because the engine is mounted five inches lower.

Power comes from a new 3.4-liter 32-valve version of the existing Ferrari V-8, which debuted earlier this year in the 2+2 Mondial T. The engine, which develops 300 horsepower, is mounted longitudinally, instead transversely as in the previous model. Unofficial top-speed estimates for the 348 range as high as 175 mph.

Production of the 328 will end this summer, and the 412 coupe is also being phased out. Production of the 412 for all of 1989 is expected to total no more than 35 units, down from 91 in 1988.

But a new front-engine coupe replacement, to be dubbed the 512, won't be introduced for 1½ to two years, a Ferrari official said.

The 512 is expected to get an all-new five-valve-per-cylinder V-12 engine that reportedly will develop about 360 hp. The same powerplant will eventually be fitted in the mid-engine Testarossa.

N.Y. targets auto leases with high termination fees

By Helen Kahn
SENIOR CORRESPONDENT

New York Attorney General Robert Abrams has asked the state legislature to curb exorbitant early-termination charges on auto leases. He said a study by his office shows that excessive penalties are being charged for early termination in as many as 80 percent of long-term leases.

The year-long analysis of 10 major lease firms operating in the state led to three legislative proposals:

- Limit consumer payments for ending a lease early.
- Limit consumer liability if the leased car is destroyed or stolen.
- Require a leasing company to give consumers a chart disclosing how much it would cost on a month-by-month basis if the lease is ended early.

Abrams claimed that many companies extract huge penalties instead of limiting early termination payments to amounts that offset a company's reasonable losses.

"Early termination clauses that subject consumers to extraordinary penalties are commonly written in mind-boggling legalese and are beyond the comprehension of virtually all consumers," he said.

A typical lease in the attorney general's study used a car worth $15,000 and a 48-month contract with monthly payments of $347.98 and a residual value of $6,000 at the end of the term.

The analysis shows how much the consumer would have to pay if he/she terminated the lease after two years with the car's value calculated at $9,000. Consumers would be faced with payments ranging from $2,090 to $7,366.

Abrams proposed a law that would limit liability of a consumer with such a lease to $1,080.74, an amount his office figures is the difference between the value of the vehicle at the time it was leased and its retail value at the time of early termination. The calculation gives the consumer credit for payments made toward the vehicle's depreciation.

In the case of a stolen or destroyed vehicle, Abrams said that since insurance covers the loss, the consumer facing an inadvertent early termination should be liable only for the insurance policy deductible.

As an alternative, Abrams proposed that leasing companies offer consumers the choice of paying an extra reasonable charge to cover the risk of any deficiency between the insurance proceeds and the amount the lessor claims under the lease.

Reseda awarded $2.9 million in IDFC dispute

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

Reseda Finance Corp., a California-based finance company, has been awarded $2.9 million in damages by the American Arbitration Association in a dispute with its marketing firm, International Dealer Financial Corp.

Officers of International Dealer Financial attended the arbitration hearings, apparently representing themselves, according to Reseda's attorney, M. Edward Franklin.

Whether International Dealer Financial in Carlsbad, Calif., is still operating is unknown. Repeated attempts by Automotive News to reach the company were unsuccessful.

Barry A. Kritzberg, president and chief executive of Reseda, said the award vindicates his company even though it has lost profits and business since the imbroglio began nearly a year ago.

"The most important thing is that Reseda Finance has been vindicated," Kritzberg said. "The way we do business and what our intentions are have been vindicated."

Reseda purchases high-risk retail automotive contracts from car dealers. It has about $100 million in its loan portfolio, Kritzberg said.

Last July, International Dealer Financial filed suit against Reseda and some of its officers in Los Angeles County Superior Court, charging breach of contract, conversion and unfair competition.

But the judge ruled the dispute should be heard by the American Arbitration Association because of the binding arbitration clause in the contract.

Under the contract, International Dealer Financial would act as a "buy center" for Reseda, acquiring retail sale and lease contracts from car dealers for buyers with marginal credit.

Subsequently, new-car dealers complained they were stuck with the cost of sold vehicles. They alleged that International Dealer Financial failed to fund them.

International Dealer Financial blamed Reseda for not purchasing contracts that the marketing firm had solicited from dealers and provided for funding, while Reseda blamed International Dealer Financial for not giving Reseda sufficient advance notice about the amount of funding that would be needed to purchase the contracts.

According to the arbitration award, International Dealer Financal and its parent, U.S. Video Com, violated the terms of the agreement. The arbitrator said International Dealer Financial's "acts resulted in false and erroneous information being circulated in the automotive sales industry all to the detriment of the claimants (Reseda)."

Now, Reseda will ask the court to enter the arbitration award as a judgment against International Dealer Financial.

Chrysler adds air bag to models

HIGHLAND PARK, Mich. — Chrysler Motors said air bags will be standard equipment on 16 car lines, representing about 1 million units in the 1990 model year.

The models include almost all Chrysler models built in the United States and one import, Chrysler's TC by Maserati.

The U.S. models are Chrysler Imperial, Chrysler LeBaron coupe and convertible, Chrysler New Yorker Landau, Chrysler New Yorker Fifth Avenue, Chrysler New Yorker Salon, Chrysler LeBaron sedan, Dodge Dynasty, Dodge Daytona, Dodge Spirit, Dodge Shadow, Dodge Omni, Plymouth Acclaim, Plymouth Sundance and Plymouth Horizon.

The Eagle Premier and Dodge Monaco, which are built in Canada; Plymouth Laser and Eagle Talon, built by Diamond-Star Motors in Normal, Ill.; and imported cars other than the TC will be equipped with motorized belts.

Chrysler made driver's side air bags standard equipment on six car lines late in the 1988 model year. The company estimates it will have produced more than 250,000 cars with the device by the end of the 1989 model year.

The company said all its 1990 U.S.-built cars, including Laser and Talon, will be equipped with integral lap and shoulder restraints for outside rear-seat passengers.

Chrysler said four-wheel anti-lock brakes will be standard on Chrysler Imperial and Chrysler's TC by Maserati and optional on the New Yorker Fifth Avenue, New Yorker Landau, New Yorker Salon and Dodge Dynasty.

Four-wheel anti-lock brakes will be optional on Jeep Cherokee, Cherokee Limited and Wagoneer Limited sport-utility vehicles.

Rear-wheel anti-lock brakes will be standard on eight Dodge pickup truck models, eight full-sized vans or wagons and Dodge Ramcharger.

May truck sales by manufacturer and segment

		14,000 & LESS GVW CLASS 1-3	14,001-16,000 GVW CLASS 4	16,001-19,500 GVW CLASS 5	19,501-26,000 GVW CLASS 6	26,001-33,000 GVW CLASS 7	33,001 & OVER GVW CLASS 8	TOTAL 1989	TOTAL 1988
CHRYSLER-PLYMOUTH	MO	18,379						18,379	21,710
	YR	80,125						80,125	83,383
DODGE	MO	54,750						54,750	56,600
	YR	243,537						243,537	255,092
JEEP	MO	23,629						23,629	22,216
	YR	100,997						100,997	101,265
TOYOTA	MO	20,408						20,408	23,714
	YR	91,995						91,995	100,848
NISSAN	MO	9,009						9,009	14,310
	YR	66,168						66,168	69,916
MAZDA	MO	6,946						6,946	8,936
	YR	35,757						35,757	44,447
ISUZU	MO	8,018						8,018	6,781
	YR	37,647						37,647	31,642
MITSUBISHI	MO	3,635						3,653	3,705
	YR	17,437						17,437	20,815
SUZUKI	MO	2,351						2,351	6,074
	YR	11,519						11,519	29,022
RANGE ROVER	MO	391						391	222
	YR	1,990						1,990	1,367
FORD	MO	132,801	2,353		870	2,705	1,702	140,431	140,103
	YR	597,495	11,453		3,945	13,526	6,746	633,165	656,602
FREIGHTLINER	MO						2,121	2,121	1,609
	YR						10,238	10,238	9,756
CHEVROLET	MO	123,295		39	640	861		124,835	124,087
	YR	544,526		113	2,712	3,765		551,116	567,024
GMC	MO	36,382		454	647	1,474		38,957	39,665
	YR	150,852		1,606	2,388	5,679		160,525	166,759
KENWORTH	MO					18	1,618	1,636	1,365
	YR					165	7,482	7,647	6,550
MACK	MO				128	169	1,896	2,193	2,556
	YR				886	1,179	8,383	10,448	9,906
MERCEDES	MO				86	147		233	287
	YR				375	531		906	1,248
NAVISTAR	MO		12	11	854	2,559	3,214	6,650	6,691
	YR		70	56	5,750	12,802	14,541	33,219	35,166
PETERBILT	MO					35	1,399	1,434	1,416
	YR					246	6,788	7,034	6,423
VOLVO/GM HEAVY	MO					96	1,342	1,438	1,557
	YR					421	6,778	7,199	6,114
HINO	MO	23		53	69	89		234	205
	YR	102		188	219	436		945	886
NISSAN DIESEL	MO	40		54	45	41		180	121
	YR	196		335	163	294		988	858
ISUZU TRUCK	MO	597	69	30	78	134		908	507
	YR	2,688	281	78	400	329		3,776	2,879
MITSUBISHI FUSO	MO	131		56	41	82		310	342
	YR	739		273	146	283		1,441	1,055
SCANIA	MO						14	14	24
	YR						34	34	85
IVECO TRUCKS	MO	122	37	25	16			200	170
	YR	481	221	115	58			875	872
WESTERN STAR	MO						165	165	119
	YR						666	666	681
OTHER DOMESTICS	MO				45	—	81	126	115
	YR				50	116	313	479	379
GRAND TOTAL	MO	440,925	2,471	722	3,519	8,410	13,552	469,599	486,267
	YR	1,984,251	12,025	2,764	17,092	39,772	61,999	2,117,873	2,211,040
1988 YR to DATE		2,073,320	7,799	3,729	25,094	43,337	57,761		

NOTE: May 1988 includes 0 Subaru Brats. YTD includes 9 Subaru Brats.

Mack Truck unveils E7, new line of sixes

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

Mack Trucks has introduced its E7 engine family, a new six-cylinder series that will be used in most of the Class 8 vehicles it designs for local and long-distance hauling and refuse and construction work in the 1990s.

Mack supplies about 95 percent of its own engines, according to Terry L. Warmkessel, director of marketing and product planning. The company is the third-largest Class 8 engine producer behind Cummins Engine Co. and Caterpillar Inc., based on Motor Vehicle Manufacturers Association data.

Warmkessel said the new 12-liter, six-cylinder engines feature improved fuel economy and extended horsepower ranges over the E6 series, which will be discontinued in December 1990. Mack plans to begin producing a portion of the E7 family in July.

All E7 engines have been certified for use in 50 states and Canada. They will "serve as the foundation for much of Mack's powertrain evolution in the next decade," Warmkessel said.

The E7 initially will be produced with four separate horsepower ratings: the EM-250, 250 horsepower at 1,750 rpm and 58 percent torque rise at 1,020 rpm; E7-300, 300 hp at 1,750 rpm with 58 percent torque rise at 1,020 rpm; E7-350, 350 hp at 1,800 rpm and 25 percent torque rise at 1,250 rpm; and E7-400, 400 hp at 1,800 rpm with 25 percent torque rise at 1,250 rpm.

All have chassis-mounted charge air cooling and advanced turbocharging and are available with Maxidyne high torque rise or conventional torque rise engines.

Mack will begin producing the E7-300 series in October. That is a conventional torque rise engine that does not produce as much horsepower as the Maxidyne but delivers higher fuel economy.

In January 1990, it will begin producing three additional models, including another version of the E7-300 for application with automatic transmissions.

General Motors' Allison transmission division has had several delays in introducing its new world transmission. GM's current automatics cannot handle the 1,700- to 1,800-rpm cruising level in the over-the-road engines Mack and other manufacturers offer or are planning to introduce. So Mack will provide an E7-300 with 300 hp at 1,950 rpm to fit the current Allison automatic.

Mack also will offer an E7-425 with 425 hp at 1,800 rpm and an additional Maxidyne version, the EM7-275, with 275 hp at 1,750 rpm. Other versions are planned.

The E7 is based on the E6, the most popular Mack engine, which the company redesigned to generate higher horsepower and meet 1990s emissions standards.

Mack increased engine displacement for more power output capacity, raised peak cylinder pressure to extract improved operating efficiency and incorporated a new engine cooling system with a wet/dry cylinder sleeve design, Warmkessel said.

The latter design feature represents a major difference between the E7 and E6 engine blocks. In the E7, the coolant flows around the cylinder sleeves, providing a "wet" area at the top where temperatures are lower and actual coolant passages are unnecessary.

The arrangement provides improved cooling efficiency and structural integrity, along with a significant weight saving due to three fewer gallons of engine coolant and one less wall of cast iron, the company said.

The engines have higher cylinder pressure capabilities, permitting increased levels of fueling and turbocharging, with flexible injection timing. That allows higher horsepower ratings, increased operating ranges and better fuel economy.

The E-7 does not require a particulate trap to meet 1991 emission standards.

BRIEFS

Wabco ABS for trailers

SOUTHFIELD, Mich. — Wabco Automotive Products Group, a major manufacturer of anti-lock brake systems for heavy-duty trucks, has introduced an anti-lock brake system for trailers.

The system is designed for use by original equipment manufacturers or to retrofit existing trailers. It is available in a range of configurations from two-sensor/one-valve designs to six-sensor/three-valve designs.

The anti-lock brake system is designed to work with any tractor.

Truck cap group formed

NORTH BETHESDA, Md. — Dealers, manufacturers and suppliers to the truck cap industry have formed the Truck Cap Industry Association.

The group plans to hold annual meetings, the first scheduled in February 1990. The association will be headquartered in Maryland.

Members of the group's executive committee are: Dillard Fletcher, 20th Century Fiberglass, Elkhart, Ind., president; Dave Frank, A.M.A. Truck Toppers, Omaha, Neb., first vice president; Dave Wright, Durakon Industries, Lapeer, Mich., second vice president; and John Steel, Tri-Glass Industries, Daleville, Ala., secretary.

Also: Carl Silva, Tri-County Truck Tops, Algonquin, Ill., treasurer; Ron Moquist, Glasstite Industries, Dunnell, Minn., director; and Chuck Morrison Jr., Cap City U.S.A., Waldorf, Md., director.

Frank W. Brown is the association's executive director.

Chicago truck show

The third annual Central States Truck Show, scheduled Nov. 10-12 at Chicago's McCormick Place North, will have a 250 percent increase in exhibit space.

Considered one of the top five truck shows nationally, it will feature more than 400 national and regional exhibitors, such as Nissan Diesel America, Navistar International and WhiteGMC. Technical seminars also are planned.

The Illinois Trucking Association expects 20,000 to 25,000 persons to attend.

SERVICE MANAGEMENT

U.S. parts gain in import aftermarket

By Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTER

Domestic parts makers have gained momentum in their campaign to capture the lion's share of the import-car aftermarket, according to a Frost and Sullivan study.

The study estimated that in 1987, domestic parts manufacturers had 39.1 percent of the import-car aftermarket and by 1993 they will have 44.8 percent. That fast-growing market comprises accessories, batteries and chemicals as well as replacement parts for cars and light trucks.

According to the New York-based research firm, domestic parts makers are pulling ahead in that market because second and third owners of foreign cars have no connection with the original new-car dealership and its service department. Those owners go to local gas stations or garages for service and repairs.

Most of the replacement parts the gas stations and garages order — such as filters, belts, hoses, water pumps and alternators — come from U.S. parts manufacturers, Frost and Sullivan said.

The U.S. aftermarket for imported cars and light trucks is growing more than three times as fast as the aftermarket for domestic vehicles, Frost and Sullivan said.

The study puts the size of the aftermarket at the importer-manufacturer level at $5.57 billion in 1987 and forecasts expansion to $9.34 billion in 1993. Frost and Sullivan expects sales at the retail level to spiral from $13.5 billion in 1987 to $22.7 billion in 1993.

In an analysis of all phases of that burgeoning market, the study concludes that domestic parts manufacturers, with their 44.8 percent market share, will be dominant by 1993, overtaking the parts suppliers of foreign-vehicle manufacturers, whose market share is expected to shrink from 46.6 percent in 1987 to 42.7 percent in 1993.

According to Frost and Sullivan, that shift in market share is not expected to happen automatically.

The study points out, "import vehicle manufacturers' parts systems have taken aggressive strides toward becoming parts wholesalers to independent aftermarket channels." During 1985-87, they actually increased market share despite the declining dollar by absorbing cost increases from their offshore suppliers. Those expensively bought advances will surely be defended vigorously, Frost and Sullivan said.

To meet the challenge, Frost and Sullivan said, domestic parts makers must commit more of their budgets to marketing and education, particularly educating those installers who shy away from fixing foreign vehicles.

The research firm noted that foreign vehicles will soon make up 30 percent of the repairs as more and more reach prime repair age (three to 10 years) in the next five years.

The growing size of the import aftermarket — especially as more vehicles leave the warranty cycle and are sold to second and third owners — is a major factor favoring the domestic parts makers, Frost and Sullivan said.

Niche players, such as expediters and specialty importers, also are doing well in the aftermarket, according to the study, but that category as a whole is expected to lose market share, from 14.3 percent in 1987 to 12.5 percent in 1993.

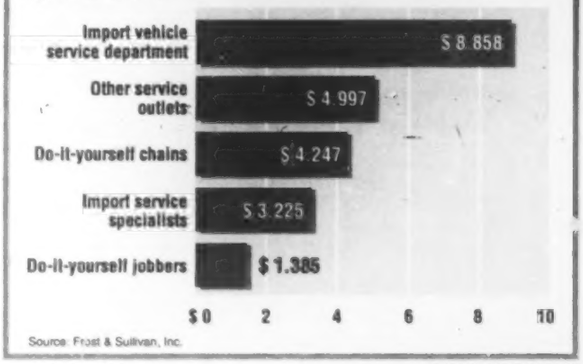
The 196-page study also analyzes the outlook for individual products in the marketplace.

As an example, the market for ball and roller bearings is expected to decline from $31 million in 1987 to $27 million in 1993, in part because of "lubed for life" wheel bearings, Frost and Sullivan said.

But timing belts, according to Frost and Sullivan, tend to fail at around 30,000 miles — one of the factors in the bullish market for valve and valve train components, which is expected to rise to $90 million by 1993 from $53 million in 1987.

U.S. import car aftermarket

Sales forecast for 1993 by type of service outlet.
Figures in billions.



Source: Frost & Sullivan, Inc.

AUTOMOTIVE NEWS / C. WINTER

Ford job fairs hunt dealer mechanics

By Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTER

DEARBORN, Mich. — Ford Motor Co. is conducting job fairs across the United States to help its dealers recruit skilled technicians.

"The Dealership Service Technician Job Fair will be a one- or two-day event at which Ford parts and service division personnel will help dealers find the help they need for their service departments," said Tom Kubeshesky, the division's project manager for service and planning and development.

"The goal of the program is to attract both experienced and entry-level service technician candidates for interviews at the job fair with dealership management personnel," Kubeshesky said.

He said the job fairs will be advertised in local newspapers and on radio and television. Applicants will be screened and tested, then directed to appropriate dealers at the fair for interviews. Applicants will be directed to a given dealer based on qualifications, geographic location, applicant preferences and dealer need.

"Dealers are always looking for good service technicians, or people with the potential to become good technicians," Kubeshesky said. "Ford and Lincoln-Mercury dealers have a special need to recruit new employees because of the sales success they have enjoyed for several years in a row."

The first job fair, sponsored by 23 Ford and Lincoln-Mercury dealers in the Atlanta area last week, attracted "more than 136 highly qualified applicants" for some 70 job openings, Kubeshesky said.

Eight technicians were hired on the spot at the Atlanta job fair, while 46 others made appointments for second interviews at dealerships, Kubeshesky said.

A dealer said the job fair "is the best thing Ford Motor has ever done for dealers in the 25 years I have been in business."

The second job fair is slated for the Los Angeles area, but dates have not been set, Kubeshesky said.

He said the Atlanta fair was the first for Ford Motor in the service area.

"Job fairs have been used by other departments, such as sales and engineering, to recruit employees, but never before in service," he said.

Chuck Clancy of Chuck Clancy Ford in Marietta, Ga., was enthused about the Atlanta fair.

"Being highly skilled and technically proficient are the new requirements for today's automotive technicians," Clancy said. "Gone are the days of the do-it-yourselfers and the shade-tree mechanics. We have an obligation to make service more accessible to our customers."

Experienced service technicians (except those currently employed by Ford and L-M dealerships), mechanics, recent vocational school graduates and related industry technicians are being invited to attend the job fairs, Kubeshesky said.

"The fair is not intended to be a raid on service personnel at other dealerships," he said. "I don't know of any dealer who accused us of raiding in the Atlanta labor market. As a matter of fact, employees shift from dealership to dealership on a daily basis."

Registrations in the Atlanta area indicate that a majority of the applications will come from technicians in independent garages and related industries who want to upgrade themselves and get better jobs, Kubeshesky said. Several applicants, he said, were Eastern Airlines mechanics who are on strike, he said

Applicants who provide documentation that they have been certified by the National Institute for Automotive Service Excellence will not be required to take the test, Kubeshesky said.

Dick Blanc, Atlanta parts and service district manager said steadily-increasing sales are a major reason for the greater demand for skilled technicians.

"Total repair shop work, both parts and labor, has increased 25 percent during the last two years," Blanc said. "There's a great demand for service work in the Atlanta area."

Clancy said Ford's emphasis on customer satisfaction has encouraged many Atlanta-area dealers to increase their service department operations.

"For most dealers, that means hiring more technicians," said Clancy, who plans to add another shift so that he can extend his service hours. "We need to work the hours in the day that our customers prefer, not just the hours we want to be open."

At long last, a bit of success

Reporter beats some of the kids in Plymouth Trouble Shoot

By Arthur Flax
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — It took several years, but I finally managed to repair a car faster than some of the high school kids participating in the Plymouth Trouble Shooting Contest.

The contest, co-sponsored by the American Automobile Association, is an annual event to determine which team of the two best high school automotive technicians from each state and Canada can repair a car quickest. The students also take a written test of their knowledge of automotive repair. In the finals here, each team was charged with the repair of a 1989 Plymouth Acclaim equipped with a 2.5-liter, fuel-injected, four-cylinder engine and identical malfunctioning parts.

For several years, I have participated on a demonstration team, the purpose of which is to point out the ineptitude of untrained technicians. But this year, Glenn T. Minami, an automotive technology industrial education instructor from Kaiser High School in Honolulu, was my partner. The fix was in.

Minami led his students to the Hawaii state championship from 1984 to 1987.

It took Minami only 35 minutes to lead the repairs on the Plymouth Acclaim. With a methodical approach, he assembled and installed the distributor and found a faulty wire to the fuel injector. Meanwhile, I replaced a fuse for the dashboard lights, replaced the right front headlamp bulb and found a loose vacuum line hose. We were working like a well-oiled machine. The car still wouldn't start, and the first of the high school teams had their cars up and running.

It turned out, as Minami soon found, that the distributor pick-up sensor was faulty. In the electronic labyrinth of modern computer-controlled engines, that not only prevented the spark plugs from sparking, but also prevented the fuel injector from injecting.

We replaced the sensor, timed the engine and buttoned it up, only about 15 minutes behind the fastest team of Glenn Tagawa and Mason Namiki from Kaimuki High School in Honolulu.

The overall winners, based on their scores in both the written test and the hands-on repair competition, were Mike Seresun and Walter Yagen of Ingraham High School in Seattle. They repaired their car in 36 minutes, and each won a choice of a $2,500 scholarship or savings bond.

Their instructor, Richard Thompson, received the AAA President's Cup.

Steve Marschke of the Bismarck Public School Vocational-Technical Center in Bismarck, N.D., won the Lee A. Iacocca Scholastic Achievement Trophy and a $5,000 scholarship for scoring the highest marks on the written test.

Archie Romney, an instructor for the Arizona team from Sahuarita High School in Sahuarita, was named the Automotive Teacher of the Year by Valvoline Oil Co., based on his students' scores in the state competition and national written test. He also won the teacher's award in 1986 and 1987.

Head gasket omits flanges

BIRMINGHAM, Mich. — Victor products division of Dana Corp. has developed a "flangeless" automotive cylinder head gasket. The company said it will improve engine efficiency.

According to John Damusis, Victor engineering director, the new gaskets do not require metallic elements such as the steel flanges or grommets that are used on traditional head gaskets to seal an engine's combustion opening.

The gasket, Damasis said, helps minimize cylinder bore distortion, thus reducing the amount of piston wear that occurs during normal engine operation. He said that in light-duty applications, the Victor flangeless head gasket reduced bore distortion 35 percent.

Damusis said more than 2½ years of research and development were devoted to the new product.

He said it is 10 percent less expensive than a comparable gasket with steel combustion flanges. Similar flangeless head gasket designs are currently used in air-cooled engines, exhaust manifolds, intake manifolds and for throttle body mounting applications, he added.

The new Victor gasket is available for V-6 gasoline engines. Plans are under way to expand coverage to other light- and heavy-duty applications.

SERVICE MANAGEMENT

Shop volume returns to plus side

By Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTER

April service and parts business for new-car dealers bounced back from a decline in March and topped the volume in April 1988.

According to the Automotive News Service Index, shop volume in April rose 1.3 percent over the year-earlier month. The gain followed a year-to-year decline of 1.7 percent in March.

For the first four months of 1989, the index was up 0.04 percent.

The service index is compiled from figures on parts and service operations supplied by a cross-section of dealerships throughout the United States.

Repair orders written dipped 3.3 percent in April from the year-ago month and 3.5 percent for the first four months of this year.

Still, gross profit on all labor, parts and accessories sales was up 2.3 percent in April and for the year-to-date period.

Sales of all parts and accessories in April were 2.5 percent ahead of the volume for the same month a year ago, but dipped 0.4 percent for the first four months of 1989.

Total labor sales (customer paid and warranty) slipped 0.6 percent in April, but four-month volume was 2.5 percent above last year's.

Shop parts sales (customer paid and warranty) were off for April but up for the year-to-date. The April dip was 2.2 percent, and the four-month gain was 1.9 percent.

SERVICE INDEX
101.3★

	April '89 vs. April '88	4 mos. '89 vs. 4 mos. '88
Gross Profit on All Labor and P&A Sales	+2.3%	+2.3%
Repair Orders Written	−3.3%	−3.5%
Total Labor Sales (Customer & Warranty)	−0.6%	+2.5%
Shop Parts Sales (Customer & Warranty)	−2.2%	+1.9%
Sales of All P&A	+2.5%	−0.4%

★ Survey by Automotive News shows that dealers' service and parts business in April 1989 was 101.3 percent of business in April 1988. Service business in the first 4 months of 1989 was 100.0 percent of business in the corresponding period in 1988.

The National Automobile Dealers Association
responds
to
at the 1990
Las Vegas, Nevada
February 10-13, 1990
NADA

New Georgia program updates technicians

By Lindsay Chappell
AUTOMOTIVE NEWS STAFF REPORTER

Georgia has joined Ohio and Florida in launching a new statewide automotive technical training program designed to bring auto technicians up to date.

The program will provide Automotive Service Excellence certification to technicians through 29 schools around the state, starting this year.

The four-part curriculum will focus on computer command systems, steering and suspension componentry, fuel injection systems and auto electronics.

In all three states, the continuing education program deals primarily with state-of-the-art technical issues rather than introductory technical classes, according to a program spokesman.

Approximately 7,000 technicians already have been certified in Ohio and Florida, where 32 vocational schools and two-year colleges have been conducting a pilot program since 1987. Ohio is expected to certify another 3,000 technicians this year.

According to program directors, long-range plans call for an eventual nationwide introduction of the program on a state-by-state basis. Vocational education officials in California and Kentucky are studying the concept, which is promoted by the National Automotive Technicians Education Foundation in Reston, Va.

"The technical training issue is extremely important right now," said Louis Rice, a member of the Georgia Board of Technical and Adult Education and senior vice president of Atlanta-based Genuine Parts Co. "And the state vocational education system is probably the best resource we have in America for distributing that training and improving the technical skills of our adult work force."

Rice illustrated the need for updated technical skills by citing his own company. Genuine Parts wholesales a line of about 125,000 auto parts to 6,500 National Automotive Parts Association stores around the country.

"Five years ago, half the parts we now carry didn't even exist," he said. "Obviously, someone working at a dealership or an independent service center who was trained five years ago needs to be brought up to date. Where better to do it than at a school in his own city at night or on the weekends?"

A National Automotive Technicians Education Federation spokesman said service industry surveys have indicated that technicians typically are willing to seek training updates only if they are available in their own city without disrupting regular work hours.

Automotive Service Excellence certification, which is also required of the state program instructors, is granted to participants after completing a specified number of course hours in a subject. All states, except Connecticut, Hawaii, Louisiana and Rhode Island, participate in Automotive Service Excellence education on some basis.

The foundation spokesman said assistance was available to any state vocational education board interested in launching the program.

Nissan expands PRO CAP

CARSON, Calif. — Nissan Motor Corp. in U.S.A. has donated 43 cars to 38 Southern California high schools and community colleges for use in automotive education.

The donation kicked off the Southern California phase of the national Professional Apprenticeship Program, which Nissan calls PRO CAP. It is a cooperative effort between community colleges, Nissan and its dealers.

The program, which will be run through Long Beach Community College, will select and train apprentice technicians while they are still in school and will provide them with employment at a Nissan dealership. Upon completion of the training program, the student will receive an associate of arts degree in automotive service technology.

Nissan said its donation will provide students with vehicles equipped with the latest in automotive technology.

"This program began last year in Arizona and has proven to be remarkably successful," said Ted D'Orazi, field service manager for Nissan's Los Angeles region.

"Right now, there is a deficit of more than 100,000 qualified automotive technicians throughout the United States" he said. "This program, which is now expanding to each of our 11 regions, should help alleviate this shortage."

Shop management is ASTN topic

BIRMINGHAM, Ala. — Automotive Service Consultants and Automotive Satellite Television Network of Dallas, have co-produced a weekly series on one of the most competitive areas within the auto dealership — the service department. The series will run for a year.

Called "Service Management," it will begin July 5 on ASTN's "Shop Talk" program. For dealers who wish to participate, Automotive Service Consultants will track service department performance during the series to monitor improvements, according to William Whitehead, vice president of Automotive Service Consultants. ASTN will provide forms to help service managers implement new strategies.

Targeted toward the dealer principal, service manager and service adviser, the initial 17-week series will feature variable rate structures, job pricing guides, shop loading and dispatching and traffic building, said Mitchell Smartt, producer of the show.

Two other series will cover service profitability and shop productivity. The program also will outline price-competitive strategies and merchandising to recover revenue franchised dealers have lost to specialty service operations, ASTN said.

Import sales down 7%; 5-month total off 98,115

By Jesse Snyder
AUTOMOTIVE NEWS STAFF REPORTER

LOS ANGELES — Imported-car sales firmed a bit in May compared to 1989 as a whole, but importers posting volume losses continue to outnumber gainers.

Import sales totaled 259,737 in May, off 9,529, or 3.54 percent, from May 1988. Calendar 1989 sales were 1,151,916, down 98,115 or 7.85 percent from the first five months of 1988.

Japanese-branded imports are faring well this year, domestic automakers' Asian-built captive imports are holding their own and Europeans are generally down.

SIZE CLASS SHARES, May 1989

	Total Sales	Pct. of Total
SUBCOMPACT	219,735	22.65
COMPACT	240,373	24.78
INTERMEDIATE	369,905	38.12
STANDARD	120,613	12.43
SPECIALITY	19,589	2.02
TOTAL	970,215	100.00

On a percentage basis, the three biggest losers are Yugo, Maserati and Porsche. Yugo was off 62.71 percent in May to 936 units and down 70.64 percent to 4,267 cars for five months as its Chapter 11 woes continue.

Maserati fell 66.27 percent in May to only 28 cars and was off 56.05 percent to 139 units for the year. Porsche slowed its bleeding in May, down 23 percent to 1,003 sales, but still had only 3,600 sales through five months, down 50.36 percent.

Sterling posted a slight sales improvement in May using heavy incentives. It was up 3.32 percent to 653 cars, but it was down 34.12 percent for five months.

Alfa Romeo and Hyundai both posted May sales in line with the rest of this year and were down 4.10 percent and 31.30 percent, respectively, for 1989.

After a 26.18 percent drop in May, Mercedes-Benz was down 18.73 percent for five months to 29,186 cars. Audi was down 20.38 percent to 7,413 units for the year after cutting the May slippage to 12.32 percent.

Merkur and Saab, down 13.28 percent and 12.09 percent, respectively, closed out the import-only companies posting sales losses greater than the market.

Five imports — Subaru, Peugeot, Volkswagen, Jaguar and Isuzu — basically broke even for the first five months, showing absolute sales losses but no worse than or within a percentage point of average market performance.

May was a tough month for all five, with percentage losses ranging from 8.79 percent for Jaguar to 22.91 percent for Peugeot. For both Peugeot and Subaru, which was down 19.78 percent, May slumps wiped out sales gains for the first four months of 1989.

Captive import cars — Chrysler-branded products built by Mitsubishi in Japan, Ford Festiva built by Kia in South Korea, Pontiac LeMans from South Korea's Daewoo and Chevrolet's Isuzu-built Spectrum and Suzuki-built Sprint — also were close to market average as a group. Together, they were off 2,469 units or 7.16 percent to 32,028 in May and off 9.83 percent to 148,757 cars for five months, about 2 percentage points more than all imports.

Seven non-captive marques showed up on the positive side for five months.

The only Europeans to make the list were Volvo and BMW. Volvo gained 10.62 percent to 9,258 cars in May and 7.12 percent to 43,348 cars for five months. BMW, in contrast to rival Mercedes, rose a modest 1.31 percent for the year to 29,008 cars despite being off 1.92 percent in May.

Daihatsu posted gains of 33.22 percent for May and 31.94 percent to 5,622 cars for 1989.

Other Japanese gainers were Acura (up 24.63 percent in May and 14.16 percent for five months), Nissan (29.68 percent and 11.85 percent), Mitsubishi (35.85 and 8.76 percent) and Honda (31.78 and 1.33 percent). The Nissan, Mitsubishi and Honda numbers include imported-car sales only.

IMPORT CAR SALES BY MODEL

	May 1989	May 1988	5 Mos. 1989	5 Mos. 1988
ACURA	13,483	10,818	56,982	49,913
Integra	8,404	5,088	30,855	22,452
Legend	5,079	5,730	26,127	27,461
ALFA ROMEO	223	338	1,465	2,223
Milano	47	127	610	1,179
Spider	176	211	855	1,044
AUDI	1,722	1,964	7,413	9,311
4000	3	60	35	409
5000	22	1,199	194	3,730
80	289	338	2,098	2,627
90	391	367	2,121	2,545
100/200	828	0	2,249	0
100/200 Quattro	189	0	716	0
BMW	5,632	5,742	29,008	28,633
3-Series	2,884	3,013	14,040	16,221
5-Series	1,808	1,369	9,049	5,780
635 CSi	146	188	663	699
7-Series	658	937	4,289	4,817
M3	79	159	498	759
M5	23	27	202	142
M6	34	49	267	215
CHEVROLET	11,271	11,096	47,280	51,069
Spectrum	5,975	7,416	24,859	31,341
Sprint	5,296	3,680	22,421	19,728
CHRYSLER MOTORS	9,879	11,505	49,278	57,727
Colt	5,515	8,027	27,389	37,453
Conquest	670	1,154	2,856	4,356
Medallion	429	696	3,263	7,890
Summit	1,827	0	9,289	0
Vista	1,275	1,628	5,945	8,028
TC	163	0	536	0
DAIHATSU	1,227	921	5,622	4,261
FORD Festiva	5,660	5,659	31,440	29,182
HONDA	26,134	19,831	100,690	99,373
Civic/CRX	7,581	9,134	28,253	52,079
Accord	12,863	7,070	51,402	27,208
Prelude	5,690	3,627	21,035	20,086
HYUNDAI	16,254	24,269	82,753	120,452
Excel	13,512	24,269	73,639	120,452
Sonata	2,742	0	9,114	0
ISUZU	1,975	2,379	8,044	8,807
I-Mark	1,356	1,628	6,215	5,991
Impulse	619	751	1,829	2,816
JAGUAR	1,650	1,809	7,477	7,989
XJ6	1,267	1,375	5,609	6,027
XJS	383	434	1,868	1,962
MASERATI	28	83	139	430
MAZDA	19,655	20,263	87,788	95,919
323	6,006	7,860	33,576	39,020
626	6,638	6,041	21,938	27,476
MX-6	118	653	1,579	5,490
Miata	45	0	45	0
929	1,924	2,484	8,851	10,647
RX-7	1,438	3,225	8,242	13,286
MPV	3,486	0	13,557	0
MERCEDES BENZ	6,104	8,269	29,186	35,912
190	1,397	1,832	5,238	6,802
260E	398	779	1,724	3,247
300	1,632	2,669	9,076	10,546
300 SE	523	0	2,706	0
300SDL Turbo	1	7	1	85
300SEL	371	528	1,635	2,999
420SEL	474	759	2,616	4,136
560SEL	384	417	2,038	2,288
560SL	729	120	3,274	3,982
560SEC	112	1,035	612	1,663
Tourist	83	63	266	164
MERKUR	690	1,365	3,971	4,579
XR4Ti	499	403	2,375	2,145
Scorpio	191	962	1,596	2,434
MITSUBISHI	8,715	6,415	31,261	28,742
Starion	69	329	511	1,558
Cordia	8	716	327	2,855
Tredia	0	24	10	400
Mirage	3,667	778	7,383	4,776
Galant	3,267	2,424	14,672	6,526
Precis	1,538	1,570	7,547	9,918
Van/Wagon	166	574	811	2,709
NISSAN	38,585	29,753	171,258	153,112
Sentra	9,243	10,500	53,807	63,123
Pulsar	2,571	5,892	11,009	20,306
Stanza	5,547	1,924	18,291	25,108
Axxess	756	0	1,587	0
Maxima	9,381	7,993	44,542	27,143
240SX/200SX	7,307	1,623	31,140	6,291
300ZX	3,562	1,670	9,580	9,572
Hawaii	218	151	1,302	1,569
PEUGEOT	582	755	2,566	2,714
PONTIAC LeMans	5,218	6,237	20,759	26,950
PORSCHE	1,003	1,303	3,600	7,252
924S	17	139	77	805
944	147	301	538	1,789
944S	40	23	85	243
944 Turbo	88	137	296	899
911 Coupe/Carrera 4	282	291	977	1,517
911 Turbo	174	113	575	494
911 Cabriolet/Speedster	158	187	682	877
928S	97	112	370	628
SAAB	3,196	3,107	13,807	15,705
900	449	566	2,061	2,715
900S	707	883	2,975	4,156
900 Turbo	901	745	4,101	3,636
9000S	264	244	1,252	1,448
9000 CD	542	0	1,438	0
9000 Turbo	301	634	1,636	3,629
Tourist	32	35	344	121
STERLING	653	632	2,788	4,232
SUBARU	10,181	12,691	60,488	60,724
Hatchback	112	436	1,331	2,780
3-Door	351	784	2,788	3,240
4-Door Sedan	2,816	2,327	19,967	10,862
Legacy	2,607	0	3,210	0
Loyale	1,464	0	2,402	0
XT/XT6	617	1,507	4,426	6,025
Station Wagon	1,011	5,656	15,819	25,296
Justy	1,203	1,981	10,545	12,521
SUZUKI	460	0	2,460	0
TOYOTA	44,084	57,917	189,423	228,572
Corolla	11,988	15,327	44,023	57,758
Tercel	8,336	8,997	40,080	34,639
Celica	4,899	6,544	23,227	26,171
Supra	1,415	2,449	6,992	9,124
Camry	12,821	19,933	53,325	77,643
Cressida	1,757	853	8,697	4,889
Land Cruiser	439	685	2,257	3,400
Van	409	448	2,100	2,597
4Runner SR 5	1,408	1,972	6,297	8,306
MR2	612	709	2,425	4,045
VOLKSWAGEN	15,279	12,906	57,355	61,249
Cabriolet	1,467	1,212	4,683	5,804
Jetta	6,174	4,448	23,356	25,479
Golf/GTI	2,673	0	9,279	0
Vanagon	587	471	2,066	2,601
Quantum	129	219	684	1,200
Scirocco	96	237	737	1,342
Fox	4,153	6,319	16,550	24,824
VOLVO	9,258	8,369	43,348	40,468
240 Series	3,714	3,144	17,511	18,023
740 Series	4,464	4,106	19,258	17,392
760 Series	805	885	5,611	4,210
780	167	143	768	588
Tourist	108	91	200	255
YUGO	936	2,510	4,267	14,531
IMPORT TOTAL	259,737	269,266	1,151,916	1,250,031

*Volkswagen has reported sales of U.S.-built Golf and GTI models as imports after June 30, 1988

Compiled by Karen Detkowski

American Sunroof Company Licensed Sales and Service Centers

Alabama
Birmingham
Custom Auto Vinyl Tops

Arizona
Havasu City
Kelly's Arizona Auto Restyling
Mesa
Sunroof Specialties
Phoenix
Arizona Auto Restyling
Arizona Sun Tops
Tucson
Jamis Auto Upholstery

California
Azusa
Arizona Auto Restyling
Daly City
San Francisco Sunroof
Emeryville
East Bay Sunroof
Fresno
D & D Kustom Vans
Hayward
San Francisco Sunroof
Los Angeles
American Sunroof – West Coast
Pacheco
Dealer Support Industries
Sacramento
Sierra Coach Sunroof
San Diego
American Sunroof – San Diego
San Jose
Quality Sunroofs
San Marcos
Precision Auto Sunroof of San Diego
Santa Ana
American Sunroof – Britax
American Sunroof – Orange County
Santa Barbara
Upholstery Galore incorporated
Santa Clara
San Francisco Sunroof
Southgate
International Sunroof Inc
Stockton
Stockton Sunroof
Van Nuys
American Sunroof – Valley
Ventura
Ventura Sunroofs

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Denver
Automotive Design

Connecticut
E. Hartford
Automotive Styling Concepts Inc
Milford
Knight Coach Systems Inc

Delaware
New Castle
Auto Port Inc

Florida
Boca Raton
Kelley's Custom Auto Trim
Clearwater
American Sunroof of Florida
Fort Meyers
Florisun Custom Coach
Longwood
Auto Sunroofs & Accessories
Oakland Park
Sunroof of Florida Inc
Orange Park
Florida Automotive Restyling Inc
Orlando
American Sunroof of Orlando
Pensacola
Precision Auto Works
Sarasota
American Sunroof of Sarasota

Georgia
Conyers
Kiser Upholstery
Marietta
Custom Auto Styling Inc

Illinois
Evanston
Broadway Auto Top
Lombard
Uni-Sun Incorporated
Northbrook
Lang's Autn
Palatine
Tucker Automotive

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Fort Wayne
Fabini's Auto Trim Co. Inc
Indianapolis
Indy Auto Sound

Iowa
Davenport
Spectrum Automotive

Kansas
Kansas City
Top King Inc

Kentucky
Lexington
Car Customizing Co
Louisville
Car Customizing Co

Louisiana
Baton Rouge
Tops Unlimited Incorporated
Hardhan
Top Hatch Inc
Shreveport
Fanes Top & Trim

Maine
S. Portland
Automotive Enhancements Inc

Maryland
Capital Heights
Creative Customs
Glen Burnie
American Auto Classics
Rockville
Adler & Mandel
Sure Fit Seat Covers

Massachusetts
Brockton
ADI Automotive Designs Inc
Chicopee
ADI Automotive Designs Inc
Woburn
ADI Automotive Designs Inc

Michigan
Ferndale
Ideal Customizing
Flint
Kelley's Custom Trim
Grand Rapids
Remes Auto Parts

Michigan
Okemos
Henderson Glass Inc
Troy
Auto Sunroofs & Accessories

Minnesota
Mendota Heights
Sunroofs Etc
Minneapolis
E & G Classics

Missouri
St. Louis
Central Service Co

Nebraska
Omaha
Exclusive Coach Automotive

Nevada
Las Vegas
Glorified Bodies
Reno
Trim Line of Reno

New Hampshire
Hooksett
Automotive Customizing

New Jersey
Abescon
Auto Styling Center
Allaire
Coastal Sunroof Incorporated
Bellmawr
Craftsman Automotive
Bogata
Punch Inc
Cinnaminson
Auto Sunroof Inc
Clifton
Auto Sunroof Inc
Middletown
Autobahn Custom Car

New York
Albany
American Auto & Plate Glass Co
Bohemia
Superior Auto Glass & Trim
Brooklyn
Classic Auto Co
Mac Gregor's Auto Restyling Center
Buffalo
Foxy's Tops and Accessories
J.R. Pride Auto Center
Cornwall
Auto Sunroof of Larchmont
Huntington Station
Metro Coach & Sunroof
Metro Coach & Sunroof
Mineola
Superior Auto Glass
Rochester
Tim's Trim
Syracuse
Rayco Auto Service Incorporated

North Carolina
Charlotte
Charlotte Sunroofs Inc
Fayetteville
C & C T Top Shop
Kernersville
Tops and Trends Inc

Ohio
Akron
J.R. Pride Auto Center
Cincinnati
Jim Hayden Inc
Cleveland
Conrad Tire Service
Columbus
Auto Options
Toledo
Keystone Auto Glass
Warren
Warren Auto Seat

Oklahoma
Oklahoma City
Sunroofs Unlimited
Tulsa
Auto Tops of Tulsa

Oregon
Portland
Western Sunroof

Pennsylvania
Allentown
Auto Sunroof Inc
Exton
Automotive Concepts Inc
Gibsonia
Executive Motors Inc
Horsham
Automotive Concepts Inc
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AROUND THE WORLD

May sales flat; long-awaited European dip may be near

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — European new-car sales slowed in May, but the total for the first five months remained ahead of last year's.

Fiat S.p.A. continues to hold a firm grip on first place among carmakers, while General Motors, on a percentage basis, is growing at a faster rate than the other five full-range manufacturers in Europe.

Combined sales in 17 Western European countries were up only 0.44 percent in May — the second time in the last three months that growth has been relatively flat compared with the year-earlier period. This suggests that the long-expected slowdown in the European market may be at hand.

May's volume totaled 1,185,900 units, according to industry estimates compiled by Automotive News, up from 1,180,700 during May 1988.

January-May sales climbed 6.54 percent to 6,105,900 units, increasing from 5,731,000 during the five-month period last year.

In 1988, Western Europe's calendar-year sales finished at a record level of just under 13 million units.

Fiat, which ended 1988 nearly tied for first place with Volkswagen Group, boosted sales 3.5 percent in May to 181,500 units, primarily on the strength of sales in Italy where it holds about 60 percent of the market.

For the five-month period this year, Fiat sold 962,700 units, a 9 percent rise, giving it a 15.8 percent market share. The Fiat total includes Fiat, Alfa Romeo and Lancia brands.

Second-place Volkswagen Group, including Audi and Seat, was up 2.4 percent in May to 181,300 units. VW sold 884,900 units in the January-May period, an increase of 7.5 percent over the year-earlier period. It holds 14.5 percent of the market.

May sales at France's Peugeot S.A. fell 2.8 percent to 145,000 units as the French market declined 7.5 percent overall. PSA, including the Peugeot and Citroen brands, remains 9.4 percent ahead of 1988's pace for the five-month period with sales of 798,500 units. It holds a 13.1 percent market share in Europe.

Ford holds fourth place with an 11.3 percent share. Sales increased 5.3 percent to 691,400 units in the first five months. In May, Ford's sales rose a mere 0.1 percent to 141,500 units. May sales in the United Kingdom, the automaker's biggest European market, slipped 8.6 percent to 54,400 units.

GM, helped by the success of its new Opel Vectra/Vauxhall Cavalier compact, recorded sales of 669,600 units for the five-month period, a gain of 10.1 percent. The automaker held a 11 percent share. Last year, GM finished with a 10.6 percent share in Western Europe.

GM's sales were up 5.5 percent in May to 130,300 units.

Renault was hurt by the falling French market: May sales slipped 9 percent to 107,400 units. For the January-May period, Renault is 5.8 percent ahead of 1988's pace. Its five-month volume totaled 623,300 cars, giving it a 10.2 percent market share.

Among specialist makers, BMW is 19.8 percent ahead of last year for the five-month period, with sales of 176,700 and a 2.9 percent share of the European market. In May BMW's sales rose 7.4 percent across Europe to 34,600.

But arch-rival Mercedes-Benz — with an aging product lineup compared with BMW — continued to lose ground last month, as sales slipped 7.4 percent to 37,800 units. For the January-May period, Mercedes was down 4.8 percent to 194,900 units. Market share has shrunk to 3.2 percent, compared with 3.6 percent in the first five months of 1988.

May's combined Japanese sales rose 2.7 percent to 136,000 units. Japanese makes are up 3 percent for the five-month period to 647,100 units, giving the group a 10.6 percent share.

Nissan is tops, up 10.1 percent over last year with 176,500 units, giving it a 2.9 percent share of the market. Toyota is next with 148,700 units for the first five months, a 1.5 percent decline from 1988. It holds a 2.4 percent share.

Among national markets, West Germany — Europe's largest — fell 5.1 percent in May to 253,600 units. The drop is in line with expectations of a decline in Germany's sales this year. Sales for the January-May period, however, remain 3.9 percent ahead of the year-earlier period, totaling 1,255,400 units.

Second-place Italy rose 7.5 percent in May to 223,500 units. Italy's sales for the five-month period ran 12.1 percent ahead of 1988's record pace, as volume climbed to 1,159,200 units.

The United Kingdom was up 7.5 percent in May, as unit sales reached 199,300 for the month. Total sales through May were 9.1 percent ahead of the year-earlier period, giving it a five-month total of 1,021,700.

France's sales last month dropped 7.3 percent to 170,000 units.

Spain's growth rate continues to slow: Sales were up 2.8 percent in May, to 100,400 units. The year-to-date total of 487,900 units remains 10.5 percent ahead of the year-earlier pace when Spain's sales topped 1 million units for the first time.

EUROPEAN SALES

Manufacturer	5 months 1989	1989 share*	5 months 1988	Change 89 vs 88
Fiat Group**	962,700	15.8	883,400	+ 9.0
VW-Audi-Seat	884,900	14.5	823,400	+ 7.5
PSA***	798,500	13.1	729,800	+ 9.4
Ford	691,400	11.3	656,800	+ 5.3
General Motors****	669,600	11.0	608,100	+10.1
Renault	623,300	10.2	589,200	+ 5.8
Mercedes-Benz	194,900	3.2	204,700	- 4.8
Austin Rover	181,800	3.0	192,500	- 5.6
BMW	176,700	2.9	147,500	+19.8
Nissan	176,500	2.9	160,300	+10.1
Toyota	148,700	2.4	151,000	- 1.5
Volvo	122,100	2.0	120,900	+ 1.0
Mazda	104,200	1.7	110,000	- 5.3
Mitsubishi	74,000	1.2	66,700	+10.9
Honda	60,000	1.0	61,800	- 2.9
Others	236,600	3.9	224,900	+ 5.2
Total	6,105,900	100.0	5,731,000	+ 6.5

* Total does not add up to 100 percent because of rounding
** Includes Alfa Romeo
*** Peugeot, Citroen, Talbot
**** Opel, Vauxhall, Isuzu, GM-U.S./Canada

NEW-CAR SALES BY COUNTRY IN EUROPE

Country	5 mos., 1989	Percent gain/loss
West Germany	1,255,400	+ 3.9
Italy	1,159,200	+12.1
United Kingdom	1,021,700	+ 9.1
France	961,700	+ 5.7
Spain	487,900	+10.5
Netherlands	267,800	+ 0.2
Belgium-Luxembourg	226,500	- 0.6
Switzerland	160,800	+ 9.2
Sweden	134,000	- 8.9
Austria	128,900	+12.8
Finland	88,600	+ 8.0
Portugal	86,300	+ 3.4
Ireland	40,900	+23.9
Denmark	38,400	-13.9
Greece	25,800	+11.7
Norway	22,000	-29.6
Total	6,105,900	+ 6.5

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Autolatina co-op: Ford uses VW engine

By Rik Turner
STAFF CORRESPONDENT

SAO PAULO, Brazil — The first hybrid car from Autolatina partners Ford Motor Co. and Volkswagen AG was introduced June 14 when Ford unveiled an Escort powered by a 1.8-liter VW engine.

Autolatina, which sells cars in both Brazil and Argentina, was formed in 1987.

Autolatina hopes to revive Escort sales, which have lagged as the result of a reputation of being high-priced and underpowered with Ford's 1.6-liter powerplant.

It also marks the first step in joint development of Ford and VW products.

The next steps, according to Jair Bernadino, president of Assobrav, Brazil's VW dealer association, will be taken at the end of this year and the beginning of 1990, when first a Ford then a VW version of Europe's Ford Orion hit the market. Both will use VW engines.

Bernadino said the Ford Verona will be marketed as a standard car, while the VW Apollo will be an upscale model.

Bernadino said, Assobrav and Abradif, the Ford dealer association, last month signed agreements with their companies.

The agreements were preceded by highly sensitive negotiations, particularly in the case of VW, whose dealers felt they would lose in the deal, since VW already is the market leader and has a reputation for engineering quality.

Assobrav spent most of the last two years at loggerheads with Autolatina, going so far as to threaten legal action against the company for allowing Ford to get what Assobrav considered to be superior VW engines.

As a result of the agreements, the dealers apparently have buried the hatchet.

VW's 371,603 vehicle sales last year (domestic and export) represented 67.8 percent of Autolatina's total and Ford's 176,399 represented 32.2 percent. Under the agreement, Autolatina is committed to maintaining that proportion for VW this year.

Brazil sales continue to rise

SAO PAULO, Brazil — Domestic sales by Brazil's auto industry rose in May, according to the National Association of Automotive Vehicle Manufacturers.

Sales totaled 51,339 units in May, up from April's 46,203. Sales for the first five months of 1989 were up 1.47 percent, to 278,625 units.

Exports dipped to 94,914 in the first five months of the year compared to 142,219 a year earlier.

Export earnings through May dipped to $1.2 billion, down from $1.3 billion in 1988.

In addition to the continuing problem of an overvalued cruzado squeezing margins on exports, the industry is facing the end of the government's Befiex fiscal incentives program for manufacturers that sell abroad.

In place since the early 1970s, the program is one of the main reasons Brazil last year chalked up a record $3.2 billion in auto exports. There are no plans to replace the incentives when they expire later this year.

— Rik Turner

PRODUCTION

Auto output is 138,869, year's low

By Kathy Boyer
AUTOMOTIVE NEWS STAFF REPORTER

Entering the summer model changeover season, last week's targeted U.S. auto output was the lowest of any week this year, aside from holiday weeks.

Automakers scheduled 138,869 cars last week, 2.59 percent below the prior week's 142,566.

The total also was 13.20 percent below the 159,987 assembled in the corresponding week last year.

So far this year, 3,707,793 cars have been produced, 1.99 percent more than the 3,635,402 completed last year at this point.

Companies split last week's scheduled production as follows: General Motors, 44.20 percent; Ford Motor Co., 27.46 percent; Chrysler Motors, 11.16 percent; Honda of America Manufacturing, 5.58 percent; Mazda Motor Manufacturing (U.S.A.) Corp., 3.15 percent; New United Motor Manufacturing Inc., 2.88 percent; Toyota Motor Manufacturing (U.S.A.) Corp., 2.43 percent; Nissan Motor Manufacturing Corp. U.S.A., 2.02 percent; and Diamond-Star Motors, 1.12 percent.

Model changeover downtime has yet to affect truck output as the makers scheduled 83,239 units last week, 7.25 percent below the previous week's 89,745 but 0.54 percent above the year-ago week's 82,788.

Year-to-date, 2,218,014 trucks have been built, 5.25 percent more than the 2,107,319 assembled last year at this time.

Ford closed its Wayne, Mich., and Edison, N.J., plants today for one week due to high inventories of Escorts.

The Eldorado, Seville, Riviera and Toronado lines at GM's Detroit-Hamtramck plant remain down for model changeover until Aug. 14.

The Allante line at Detroit-Hamtramck resumed production today after a one-week shutdown due to high inventories.

As reported earlier, Chrysler's Warren, Mich., truck plant and its St. Louis (No. 1) car plant are idle for model changeover.

The Warren facility is expected to resume operations July 10, and St. Louis is scheduled to reopen July 17.

Ford slated overtime last Saturday at its Wayne, Mich., truck plant.

Canadian cars climb for week

Canadian auto production was scheduled at 24,160 last week, 2.98 percent more than the previous week's 23,461 but 0.17 percent below the year-ago week's 24,200.

So far this year, 504,587 cars have been built, down 15.16 percent from the 594,744 completed last year at this point.

Truckmakers targeted 21,137 units last week, nine more than the prior week's 21,128 and 5.28 percent above the year-ago week's 20,077.

Year-to-date, 500,681 trucks have been assembled, 4.45 percent more than the 479,352 built last year at this time.

U.S. CAR	Week Ended June 24, 1989	Week Ended June 25, 1988	Week Ended June 17, 1989	June to Date	Jan. 1 to June 24, 1989	Jan. 1 to June 25, 1988
Horizon	800	2,510	711	2,649	10,336	48,505
Sundance	2,500	0	2,574	8,474	59,822	51,882
Reliant	0	2,151	0	0	0	54,244
Acclaim	2,800	0	3,926	11,344	64,566	0
Caravelle	0	0	0	0	0	5,743
Gran Fury	0	524	0	0	0	7,014
Total Plymouth	6,100	5,185	7,213	22,467	134,724	171,388
LeBaron K	0	0	0	0	0	7,955
LeBaron J	0	1,716	0	3,332	55,273	40,077
LeBaron GTS	0	0	0	0	2,946	4,615
N. Yorker C-Class	1,700	2,853	1,838	5,919	54,772	60,527
Fifth Avenue	0	349	0	0	0	14,865
Total Chrysler	1,700	4,918	1,838	9,251	112,991	126,339
Omni	900	2,383	708	2,833	11,802	48,104
Daytona	0	1,699	0	2,184	46,536	39,025
Shadow	2,100	0	2,189	7,157	57,175	53,215
Aries	0	1,881	0	0	0	46,149
Dodge 600	0	0	0	0	0	8,558
Dynasty	3,000	2,232	3,107	10,184	79,076	55,639
Lancer	0	0	0	0	1,528	5,004
Spirit	1,700	0	2,432	7,196	56,317	0
Diplomat	0	408	0	0	0	11,193
Total Dodge	7,700	8,603	8,436	29,553	252,434	266,887
CHRYSLER MOTORS	15,500	18,706	17,487	61,272	500,149	564,614
Escort	8,465	9,742	7,628	20,767	168,188	194,901
Mustang	4,521	4,528	4,342	14,285	113,691	106,205
Tempo	2,934	3,701	2,890	9,700	78,294	99,619
Taurus	7,997	9,599	8,041	26,467	197,330	205,164
Thunderbird	2,894	3,331	3,712	11,235	85,818	81,688
Total Ford Div.	26,811	30,901	26,613	82,454	643,321	687,577
Topaz	1,466	1,451	1,510	4,900	35,716	37,381
Cougar	2,675	3,121	2,459	8,246	71,542	61,226
Sable	2,491	3,117	2,496	8,262	64,043	71,174
Total Mercury	6,632	7,689	6,465	21,408	171,301	169,781
Continental	1,430	912	1,471	4,770	36,116	23,039
Mark VII	431	485	453	1,490	12,750	12,653
Lincoln	2,826	2,817	2,824	9,313	67,058	73,562
Total Lincoln	4,687	4,214	4,748	15,572	115,924	109,254
Total L-M Division	11,319	11,903	11,213	36,980	287,225	279,035
FORD MOTOR CO.	38,130	42,804	37,826	119,434	930,546	966,612
Skyhawk	0	5	0	0	6,857	11,359
Skylark/Somerset	1,405	1,544	1,412	4,681	29,757	25,149
Century	2,785	3,653	2,741	9,176	62,262	57,341
Riviera	0	120	520	818	11,348	3,475
Electra	1,332	2,241	1,357	4,733	41,994	45,091
LeSabre (fwd)	4,060	2,485	4,279	9,742	76,819	63,642
LeSabre (rwd)	90	234	97	4,399	7,957	5,052
Reatta	0	173	0	58	3,140	3,080
Total Buick	9,672	10,455	10,406	33,608	240,134	214,189
Cimarron	0	0	0	0	0	3,696
Eldorado	0	1,018	1,060	2,326	19,104	22,074
Seville	0	605	727	1,666	13,996	13,714
Brougham (rwd)	720	483	621	2,162	19,375	18,059
Deville (fwd)	4,135	3,365	4,055	13,484	109,319	91,019
Allante	0	0	75	174	1,588	1,135
Total Cadillac	4,855	5,471	6,538	19,812	163,382	149,697
Cavalier	6,973	8,997	6,933	23,489	194,364	180,463
Camaro	2,765	2,353	2,739	9,158	63,361	44,846
Celebrity	2,423	5,137	2,164	7,482	66,463	94,961
Corsica/Beretta	8,975	9,484	9,050	29,753	212,354	206,685
Caprice	4,500	5,427	4,111	13,991	101,724	102,246
Corvette	560	443	560	1,859	13,256	10,735
Total Chevrolet	26,196	31,841	25,557	85,732	651,522	639,936
Calais	2,195	2,758	2,213	7,318	49,624	60,794
Firenza	0	0	0	0	0	5,220
Cutlass Ciera	1,990	1,820	1,941	6,480	43,850	8,160
Cutlass Supreme	0	3,892	0	1,007	51,125	104,100
Toronado	0	413	44	442	4,845	9,586
88 (fwd)	2,892	3,375	2,912	9,549	81,565	84,645
88 (rwd)	305	121	183	732	4,244	5,965
Olds 98	1,065	1,543	1,044	3,531	40,902	41,627
Total Oldsmobile	8,447	13,922	8,337	29,060	276,155	320,097
Sunbird	3,147	2,219	3,106	10,347	77,440	54,967
Grand Am	4,800	5,994	4,802	15,967	125,062	125,428
Firebird	1,330	1,560	1,341	4,460	34,681	32,697
Grand Prix	0	3,730	0	1,275	69,565	64,552
Pontiac 6000	825	1,597	862	2,885	41,408	39,370
Bonneville	2,116	2,777	2,187	6,621	49,672	58,072
Safari/Parisienne	0	42	90	223	2,690	4,144
Fiero	0	498	0	0	0	10,146
Total Pontiac	12,218	18,417	12,390	41,798	400,538	389,376
GENERAL MOTORS	61,388	80,106	63,228	210,010	1,731,731	1,713,295
DIAMOND-STAR	1,559	0	1,641	5,257	24,984	0
HONDA	7,750	7,597	7,602	25,434	190,546	183,916
Civic	2,700	2,461	2,784	9,005	84,666	50,044
Accord	5,050	5,136	4,818	16,430	125,880	133,872
MAZDA	4,372	2,862	4,401	14,638	116,169	44,871
NISSAN	2,800	2,782	2,859	9,835	59,171	50,784
NUMMI	4,000	3,329	4,227	13,876	99,171	80,221
Corolla	1,600	1,191	1,614	5,432	40,017	29,491
Geo Prizm/Nova	2,400	2,138	2,613	8,444	59,154	50,730
TOYOTA	3,370	0	3,295	10,978	55,326	0
VOLKSWAGEN	0	1,801	0	0	0	31,039
Golf/GTI	0	1,801	0	0	0	25,536
Jetta	0	0	0	0	0	5,553
Total Cars, U.S.	138,869	159,987	142,566	470,734	3,707,793	3,635,402
Total Cars, Canada	24,160	24,200	23,461	75,723	504,587	594,744
U.S., Canada Cars	163,029	184,187	166,027	546,457	4,212,380	4,230,146
U.S., Canada Cars and Trucks	267,405	287,052	276,900	905,675	6,931,075	6,816,817

Monthly estimates may contain error of one or two units due to rounding.
†—Total includes the MX-6 and Ford Probe.

CANADIAN CAR	Week Ended June 24, 1989	Week Ended June 25, 1988	Week Ended June 17, 1989	June to Date	Jan. 1 to June 24, 1989	Jan. 1 to June 25, 1988
Premier	1,375	0	1,299	3,981	22,615	33,569
CHRYSLER MOTORS	1,375	0	1,299	3,981	22,615	33,569
Tempo	3,360	3,241	3,260	7,957	72,692	99,392
Topaz	1,440	1,635	1,364	3,384	30,780	35,133
Crown Victoria	2,420	2,841	2,409	8,504	66,227	69,599
Grand Marquis	2,380	2,911	2,366	8,379	72,008	69,558
FORD MOTOR CO.	9,600	10,628	9,399	28,223	241,757	273,682
Celebrity	821	572	989	3,201	10,654	11,230
Cutlass Ciera	2,116	6,269	2,562	8,275	82,599	142,227
Lumina	6,374	0	5,371	18,595	57,334	0
Pontiac 6000	0	1,490	0	0	0	27,985
Regal	1,594	3,976	1,527	5,564	38,793	83,908
GENERAL MOTORS	10,905	12,307	10,449	35,635	189,380	265,350
HONDA	1,650	1,090	1,677	5,695	40,700	18,603
TOYOTA	450	0	457	1,577	5,812	0
VOLVO	180	175	180	612	4,323	3,540
Total Cars, Canada	24,160	24,200	23,461	75,723	504,587	594,744

U.S. TRUCK☆	Week Ended June 24, 1989	Week Ended June 25, 1988	Week Ended June 17, 1989	June to Date	Jan. 1 to June 24, 1989	Jan. 1 to June 25, 1988
Caravan	2,000	1,964	2,084	7,358	55,995	50,470
Dakota	0	1,932	2,051	5,304	55,031	56,805
Caravan C/V	100	309	127	430	4,406	8,001
Ram pickups	0	1,915	2,085	5,357	55,132	35,503
Total Dodge	2,100	6,120	6,347	18,449	170,564	150,779
Cherokee	4,100	4,381	5,495	16,052	117,589	91,423
Comanche	400	921	660	1,841	16,093	23,427
Grand Wagoneer	300	350	325	1,058	6,993	7,580
Wagoneer	100	0	96	327	4,292	6,336
Total Jeep	4,900	5,652	6,576	19,279	144,967	133,966
Voyager	1,600	1,533	1,934	6,748	53,019	46,309
Town & Country	100	0	175	572	1,191	0
Total C-P Div.	1,900	1,533	2,109	7,320	54,210	46,309
CHRYSLER MOTORS	8,900	13,305	15,032	45,047	369,741	331,054
Aerostar	4,936	4,374	4,859	16,251	123,376	109,219
Bronco	1,412	1,515	1,418	4,739	41,620	31,159
Bronco II	2,909	1,926	2,949	9,602	66,887	67,313
Econoline	5,101	5,190	5,033	17,034	124,857	125,305
Heavy trucks	1,305	1,442	1,299	4,299	33,984	35,098
Light trucks	11,700	10,107	11,696	38,709	260,853	256,829
Ranger	7,682	6,482	7,604	24,851	175,857	183,786
Total Ford Div.	35,045	31,036	34,858	115,486	845,434	808,709
FORD MOTOR CO.	35,045	31,036	34,858	115,486	845,434	808,709
Astro	2,968	3,611	2,923	9,973	84,320	86,376
Blazer	565	563	665	1,967	14,250	14,018
Mediums/Heavies	0	390	0	0	1,312	9,051
P-Model	844	848	874	2,818	17,915	19,846
Pickups	8,124	6,981	7,754	26,331	200,385	168,731
S-10	4,876	5,485	5,638	16,570	134,337	145,988
S-10 Blazer	3,957	3,370	4,114	13,075	96,414	83,920
Sportsvan/Van	1,935	2,017	1,857	5,556	48,712	44,210
Suburban	1,596	1,392	1,882	5,629	39,819	37,273
Total Chevrolet	24,865	24,657	25,707	81,939	637,464	609,413
Jimmy	165	92	187	586	4,292	4,143
Mediums/Heavies	0	691	0	0	1,496	19,879
P-Model	124	172	89	396	2,401	2,859
Pickups	2,476	2,400	2,410	8,011	59,951	51,753
S-15	897	1,231	566	3,585	32,331	33,587
S-15 Jimmy	1,063	854	1,106	3,604	27,451	21,552
Safari	792	872	806	2,691	21,748	22,007
Suburban	599	577	676	2,096	15,805	17,241
Vandura/Rally Vans	523	728	536	1,559	13,264	16,160
Total GMC	6,639	7,617	6,376	22,528	178,739	191,261
GENERAL MOTORS	31,504	32,274	32,083	104,467	816,203	800,674
NAVISTAR	1,870	1,855	1,849	6,115	43,897	44,165
NISSAN	2,470	1,568	2,473	8,640	63,159	54,517
AM GENERAL	450	450	450	1,494	10,980	11,160
MISCELLANEOUS	3,000	2,300	3,000	10,000	68,600	57,040
Total Trucks, U.S.	83,239	82,788	89,745	291,249	2,218,014	2,107,319

CANADIAN TRUCK	Week Ended June 24, 1989	Week Ended June 25, 1988	Week Ended June 17, 1989	June to Date	Jan. 1 to June 24, 1989	Jan. 1 to June 25, 1988
Caravan	2,988	2,967	2,994	9,967	75,140	74,538
Caravan C/V	336	314	385	1,223	6,524	7,378
Ram Wagon	660	561	659	1,531	14,417	12,556
Ram Van	1,690	1,488	1,720	3,958	37,310	32,438
Total Dodge	5,674	5,330	5,758	16,680	133,391	126,910
Voyager	2,820	2,526	2,895	9,450	66,958	68,099
Total Plymouth	2,820	2,526	2,895	9,450	66,958	68,099
Wrangler	1,700	1,071	1,854	6,022	41,949	25,214
Total Jeep	1,700	1,071	1,854	6,022	41,949	25,214
CHRYSLER MOTORS	10,194	8,927	10,507	32,152	242,298	220,223
FORD MTR (lt. trks.)	3,648	3,550	3,503	12,023	86,027	88,561
Light trucks	3,510	3,512	3,652	12,152	79,606	76,068
Vans	1,447	1,472	1,304	4,124	33,126	31,675
Total Chevrolet	4,957	4,984	4,956	16,275	112,732	107,743
Light trucks	1,370	1,719	1,249	4,558	37,012	40,461
Vans	698	639	643	2,037	16,303	16,722
Total GMC	2,068	2,358	1,892	6,595	53,315	57,183
GENERAL MOTORS	7,025	7,342	6,848	22,870	166,047	164,926
NAVISTAR	270	258	270	824	6,309	5,642
Total Trks., Canada	21,137	20,077	21,128	67,969	500,681	479,352
U.S., Canada Trks.	104,376	102,865	110,873	359,218	2,718,695	2,586,671

☆—Includes window van production. *—Estimated.
Jeep includes commercial only. AM General includes government-designed vehicles.
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.
Monthly estimates may contain error of one or two units due to rounding.

Automotive News

July 3, 1989

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64th year—$60.00 per year, $1.50 per copy

Hyundai allows duals as sales dip

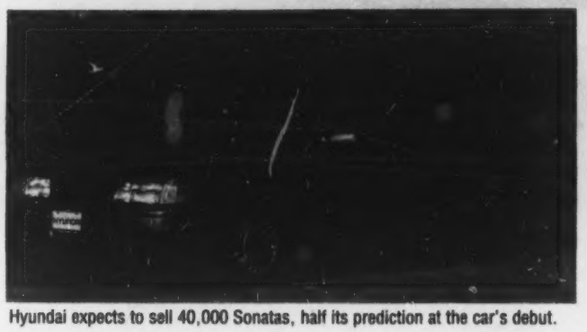
By Jezza Snyder
AUTOMOTIVE NEWS STAFF REPORTER

LOS ANGELES — Hyundai Motor America is allowing dealers hard hit by a 31.3 percent sales drop to add a second franchise to exclusive operations.

The move is a departure for formerly high-flying Hyundai, which four years ago sifted through thousands of dealer applications and required stand-alone facilities costing millions of dollars.

About 20 Hyundai dealers have formally petitioned for permission to dual and at least five duals are operational, said Max Jamiesson, executive vice president.

"Our policy is still to require stand-alone facilities," Jamiesson said. "It's a good policy, but where specific dealers have to do something to maintain the dealership, we sit down with them and work out a temporary agreement. We know it's in our best interest to help keep our dealers profitable until the amount of new product over the next 14 months arrives."



Hyundai expects to sell 40,000 Sonatas, half its prediction at the car's debut.

Hyundai is trying to prevent dealers from selling off or converting large, multi-million-dollar facilities to other makes.

It hasn't always worked. Hyundai of Cerritos, a showcase facility in a major Orange County auto mall, was sold by principal Donna Reeves to Lewis M. Webb, who is converting it into a Lexus franchise next to his Toyota of Cerritos store. Reeves is retaining her Honda franchise in the same mall.

Still, Hyundai's overall dealer count is rising as new franchises are added. It has 299 dealers in 48 states (Alaska and Wyoming excluded), up from 289 at the end of 1988, and expects to have about 325 by year end, Jamiesson said.

But the company expects hard months ahead for dealers hit by falling sales and shrinking margins. Sales for the first six months of 1988 are expected to be about 100,000 units, down from last year's total of 148,493. A slight pickup in sales is expected as a restyled Excel and a V-6 for the Sonata are introduced for the 1990 model year, Jamiesson said.

He said the company is looking to become broader based with a 2+2 coupe derived from the new Excel coming next January and a Toyota Corolla-sized car in 1991.

But projected total sales have been scaled back to 220,000 units

see HYUNDAI, page 44

Big 3 quality up, but trails Japan

Despite putting four domestic models in the top 10 on J.D. Power and Associates' Initial Quality Survey, the Big 3 continue to trail Japanese makers.

And European makers, still a distant third, are making gains.

According to a copy of the study obtained by Automotive News, overall initial quality of new cars, as defined by the number of problems per 100 cars reported by 24,000 car buyers in their first 90 days of ownership, improved from 174 to 153 over last year.

But both Japanese and European makers made bigger gains than the U.S. makers in lowering the number of problems per 100 vehicles. The Japanese, at an average of 119 problems per 100 cars, had 21 fewer than last year. The Europeans, at 204 problems per 100, reported 54 fewer. The domestic industry, averaging 163 problems per 100, improved only by 14 and dropped from 23 percent behind the Japanese to 37 percent.

"While the quality performance this year versus last does support a closing of the European to domestic product quality gap, due to the fact that the Europeans improved at a faster pace than the domestics, a longer term trend shows that the Europeans are still far behind the domestics and indeed show a more significant gap than was true in 1987," the study reported.

The main areas of improvement were electrical and accessories, exterior paint and moldings, squeaks and rattles, and engine.

Although two domestic nameplates, Buick and Mercury, cracked the top 10, two others, Chevrolet and Eagle/Renault, were among the 10 worst. The top was dominated by Japanese makes, with the exception of Mercedes-Benz and Porsche, which ranked 1-2.

The bottom 10 were dominated by European imports, with Yugo at the bottom.

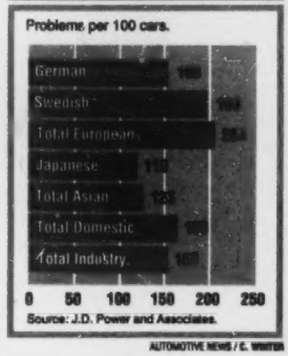
In announcing its results last month, J.D. Power, the Agoura Hills, Calif., market research firm, released only the top 10 nameplates and models.

The number of faults affecting a new car has a large influence on the likelihood of the buyer's repurchasing that model. In its 1989 Light Truck Consumer Satisfaction Index survey, Power said that 93 percent of customers experiencing no faults will buy the same model again. Intent to repurchase slumps to 57 percent for those drivers who have suffered four or more faults.

A detailed analysis of the confi-

see QUALITY, page 41

New car initial quality



AUTOMOTIVE NEWS / E. WINTER

GM incentive debate drags as cars sit

By Michelle Krebs and Laura Clark
AUTOMOTIVE NEWS STAFF REPORTERS

DETROIT — General Motors is still debating what incentives to use to clean up its swollen 1989 inventory, though most of its current incentives expire next week and the model year ends in three months.

Proposals under discussion include fatter retail incentives and dealer incentives, according to dealer sources involved in discussions with the automaker. Model-year-end ordering ended in June, so any decision on dealer incentives for leftover vehicles will have come too late to encourage increased orders.

The sources said GM will continue low-interest rate programs and cash rebates. They expect those deals to be sweetened significantly and they expect incentives to dealers to be thrown into the package.

Among the proposals is applying an extremely low-interest rate — possibly as low as 2.9 percent — to 48- and 60-month loans. Dealers have argued that limiting 2.9 percent rates to shorter term loans has not been popular with consumers.

Another proposal is linking low-rate loans with cash rebates. In the past buyers had to choose between a loan or a rebate.

Regional incentives also are being considered. Richer incentives would be offered in an area where a model is selling slowly.

In addition to customer incentives, GM is expected to offer some kind of dealer incentive in lieu of a carryover allowance.

see INCENTIVES, page 41

Fall launch spending

Car and truck advertising expenses by all manufacturers on domestic network television, 4th quarter.

Ad spending surge hits TV first

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

"My experience in this business tells me there is a time to be aggressive or risk getting shut out."

— GUARASCIO

Automakers are bracing for an all-out advertising spending war in the 1990 model year to battle an expected softer U.S. new car and truck market.

The first shots have already been fired in the media industry, where larger automotive advertisers are flexing their buying leverage power over smaller marketers.

Advertising experts predict that automakers and dealer groups could increase spending by as much as 15 or 20 percent for the 1990 model year. That would bring spending to nearly $4 billion, up from the 1989 model year's already high $3.2 billion.

The television networks began negotiating upfront prime-time television buys exclusively with the automakers several weeks ago. The upfront market — the prime-time TV market covering the 12-month period beginning in late-September — has already rung up $700 million in committed automotive money compared to $400 million during the same period a year ago.

The automotive spending surge is fueled by General Motors, Toyota Motor Sales U.S.A. and Nissan Motor Corp. in U.S.A., each of which will introduce new car brands in the next 18 months: Saturn, Lexus and Infiniti.

GM, which spent $832.2 million in U.S. advertising in calendar 1988, is expected to spend $80 million to $100 million in advertising annually for Saturn, according to the trade paper Advertising Age.

Saturn's corporate and product positioning ads will debut during the 1990 model year before the car's official introduction in the

see ADS, page 44

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DRI sees start of two-year dip in world car sales

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — A European research group predicts this year's drop in world new-car demand — traced to the shrinking U.S. market — will worsen in 1990 as sales decline in Europe and Japan for the first time since 1984.

Moreover, the U.S. market will fall further next year, according to DRI-Europe's latest World Automotive Forecast Report.

The decline in world sales in 1989 has been blunted by stronger-than-expected demand in Europe and Japan. The London-based research group projects world registrations at 34.21 million units in 1989. That is down about 200,000 units from 1988 but is more than a million units above DRI's forecast late last year.

For 1990, the research group sees world sales falling less than 1 percent to 33.88 million cars. A relatively sharp increase of 3.1 percent to 34.93 million units is projected for 1991, followed by successive increases until world volume reaches 36.87 million units in 1994. That would be 7 percent higher than the record 34.43 million in 1988.

The U.S. market is seen slipping from last year's 10.58 million sales to 9.91 million in 1989.

DRI predicted that U.S. demand will "remain weak through the rest of the year as the economy slows and consumers reconsider their spending plans." It said U.S. sales will drop 1 percent in 1990 to 9.77 million units and then recover to 10.05 million in 1991.

DRI expects Western European demand for 1989 to edge past last year's record 12.90 million to 12.91 million, while Japan climbs from 3.72 million in 1988 to 3.91 million. Earlier forecasts had both markets falling back this year.

Western European sales are running ahead of last year through the first few months of 1989, though DRI expects a second-h[illegible] decline.

Next year, Europe will drop 2.5 percent to 12.59 million, DRI said. And after two strong years, Japan will fall 3.7 percent to 3.76 million, offsetting expected gains in Asia-Pacific and Latin American countries. Europe and Japan are expected to rise to 12.83 million and 3.86 million units in 1991.

The predicted 5.1 percent growth in the Japanese market to 3.91 million units this year is attributed largely to a tax-reform package that took effect April 1.

DRI has significantly upgraded its long-term forecast for the Japanese market based on the tax cuts and the general strength of consumer demand. Last year, it predicted a market of just under 3.5 million units in 1993, but now forecasts 3.9 million in 1993 and more than 4 million in 1994.

DRI expects sales to continue rising in most Asia-Pacific markets. In South Korea, sales are projected to jump 23 percent to 392,000 this year and increase another 11 percent to 436,000 next year. DRI said sales in Taiwan will rise from 292,000 in 1988 to 362,000 this year and 382,000 in 1990.

The research group also expects renewed growth next year in Brazil, where sales are projected to fall 4.7 percent to 530,000 in 1989. Brazil's 1990 sales are pegged at 567,000.

DRI expects world auto production to rise 2 percent to 35.09 million units in 1989 and dip marginally to 35.04 million next year.

This year's biggest production cut — 3 percent -- will take place in Japan. Next year's Japanese production is expected to be the lowest since 1984. Although Japan is expected to regain momentum in 1991, DRI does not expect car output to return to 8 million within the next five years.

Although Japan currently outbuilds the United States, DRI expects that to change by 1993 because of Japanese transplants in the United States and Europe.

DRI said production at Japanese transplant facilities in North America will rise from 866,000 units in 1988 to 1.7 million by 1990 and to 2.1 million by 1994 — 22 percent of projected North American car output.

In Europe, a 7.2 percent increase in production is expected between 1990 and 1994 as transplant activity picks up. South Korea, meanwhile, is expected to more than double last year's output by 1994.

INTERNATIONAL AUTO PRODUCTION
Production in select countries, in millions of units.

	Japan	U.S.	West Europe	South Korea
1988	8.20	7.12	13.03	.866
1989	7.94	7.46	13.07	1.11
1990	7.64	7.61	12.81	1.29
1994	7.84	8.32	13.73	1.78

Yugo looks overseas to trim stocks

By Jim Henry
AUTOMOTIVE NEWS STAFF REPORTER

UPPER SADDLE RIVER, N.J. — Yugo America is negotiating with foreign firms that could buy a major portion of Yugo's unsold inventory.

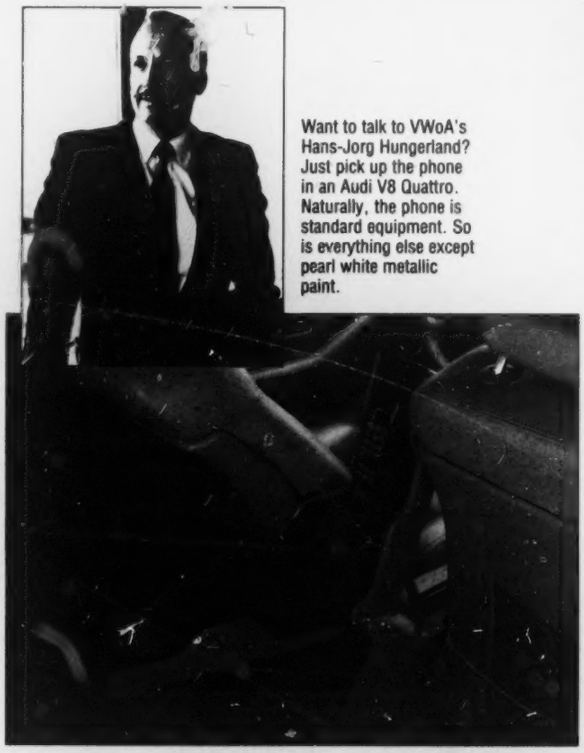
"I've received hundreds of calls, from China, Hong Kong, Australia — you name it," said John A. Spiech, Yugo America president and chief executive officer.

Spiech

Spiech said that prospects are strongest in South America and in Africa, and if all the prospective deals could be put together, foreign wholesalers could buy 3,500 to 3,600 cars.

When Yugo America declared Chapter 11 bankruptcy Jan. 30, Yugo officials said the company

see YUGO, page 42


Want to talk to VWoA's Hans-Jorg Hungerland? Just pick up the phone in an Audi V8 Quattro. Naturally, the phone is standard equipment. So is everything else except pearl white metallic paint.

Audi turns to V8 Quattro to increase luxury share

By Dutch Mandel
AUTOMOTIVE NEWS STAFF REPORTER

KOHLER, Wis. — Audi of America is taking extraordinary steps to polish its image.

For example: It is late at night. You're driving an Audi V8 Quattro in the rain. You fall victim to unintended deceleration after you suffer two flat tires.

Lift the standard-equipment cellular phone and punch two preprogrammed numbers. Within minutes, a tow truck is dispatched to your aid.

Wait, there's more.

You're delighted with this luxury sedan and you want it to be known. Pick up the phone. Punch two more numbers. Have a talk with one of Audi's executives.

Hans-Jorg Hungerland, president and chief executive officer of Volkswagen of America, might well be on the other end of the line.

Hungerland would prefer that a new Audi V8 Quattro buyer calls to praise its quality or applaud the service offered. But if an Audi V8 Quattro "Executive Express" owner rings with a complaint, Hungerland still listens. He said he understands that only time and effort will turn around perceptions about the worth of Audi and VW products. A change of mind could mean increased sales.

"If the Volkswagen Group is to be all that it can be, we must rebuild the position of Volkswagen in the U.S. and restore the reputation and sales of Audi in this market," said Hungerland. "We are determined to do both.

"We are not kidding ourselves. This is no small task," he said.

That might be one of the automotive industry's great understatements. In 1988, Audi sales totaled 22,943, down 18,379 cars from the previous year's 41,322.

Audi's all-time high was 74,061 sales in 1985.

This year's sales are down from 1988's. For the first five months of 1989, Audi sold 7,413 cars compared to 9,311 a year earlier. At the current sales rate, Audi will finish the 1989 calendar year with just 17,787 sales.

Still, Audi officials remain determined.

"If you give buyers what they

see EXPRESS, page 42

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Audi shows its $47,450 image builder, the V8 Quattro

By Dutch Mandel
AUTOMOTIVE NEWS STAFF REPORTER

KOHLER, Wis. — Audi of America's 1990 V8 Quattro is the latest salvo in its U.S. product launch, and company officials hope its potent powerplant and standard amenities will restore luster to the image of Audi and its products.

Priced at $47,450 — highest sticker ever for an Audi — the V8 Quattro is the flagship in a fleet that includes the recently introduced Audi Coupe Quattro and the 80/90 and 100/200 series sedans.

While the V8 Quattro resembles its 100/200 siblings, it shares only the roof and front-door panels with those cars.

The all-aluminum alloy, four-cam V-8 engine is fitted with a 32-valve head. It generates 240 horsepower and 245 pounds-feet of torque.

Audi engineers have geared the V8 Quattro so its power is delivered quickly and smoothly through the power band. It accelerates from 0 to 60 mph in 8.7 seconds and claims to have a top speed of 142 mph.

The car has an EPA rating of 14 mpg city/18 mpg highway and is subject to a $1,050 gas-guzzler tax.

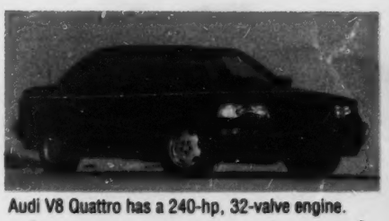
Audi has fitted U.S.-specification 100/200 Quattro sedans with manual gearboxes. While European drivers prefer manual transmissions, on these shores the automatic transmission is the overwhelming choice of buyers of luxury cars.

With the V8 Quattro, Audi introduces a four-speed automatic transmission with lock-up torque converter. That is be good news for V8 Quattro buyers.

The bad news is the transmission will not fit in the current 100/200 sedans. Audi officials admit they are hustling to get an automatic gearbox for 100/200 Quattros; it will likely be available for 1991 models.

Standard on the V8 sedan is Audi's latest-generation all-wheel-drive Quattro system. This Quattro system differs from others in the Audi lineup in that it couples the 32-valve V-8 engine to an automatic transmission; Audi's other Quattro systems are used only with manual gearboxes.

The V8 Quattro system also alleviates any need to lock the Quattro drivetrain manually.


Audi V8 Quattro has a 240-hp, 32-valve engine.

Two automatic differential locks are part of the setup.

Another highlight of the V8's Quattro drive is a torque-sensing Torsen differential mounted between the rear wheels. It automatically distributes torque to the wheel with the best grip for traction on a slippery surface.

Also standard is an anti-lock brake system coupled to four-wheel discs.

Audi engineers have added a new twist to the front discs. Calipers ordinarily clamp around the outer edges of brake discs in other cars; on

see AUDI V8, page 42

Chevy Astro trails poor '88 mark in 35-mph crash

By Diana T. Kurylko
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — Chevrolet's Astro van fared poorly in the government's latest round of crashes at 35 mph, posting higher head injury numbers than a similar model crashed last year.

Two sport-utility vehicles posted high head injury numbers for their front-seat passengers.

In NHTSA's New Car Assessment Program, selected vehicles with dummies in the front seats are crashed into a fixed barrier at a speed 5 mph higher than the 30 mph used to meet minimum federal safety standards. A 35-mph crash generates one-third more force than a 30-mph crash.

To meet the 30-mph standard, a vehicle must score 1000 or less on the head injury criterion and 60 G's or less on the chest deceleration scale. Scores higher than those are considered fatal for occupants.

The 1989 Astro did worse than the 1988 model. It was re-crashed this year because of last year's poor performance. The compact Chevrolet van registered a head injury level of 1849 for the driver and 1838 for the passenger, while last year, it recorded 1603 for the driver and 1424 for the passenger. The 1989 Astro also recorded chest deceleration scores of 64 G's for both driver and passenger.

NHTSA concluded that front-seat occupants of a Chevrolet Astro run more than an 80 percent risk of sustaining a "life-threatening brain injury" in a 35-mph frontal impact.

By comparison, Mitsubishi's van, the only other van included in this round of 1989 models, had head injury ratings of 805 for the driver and 713 for the passenger.

The Jeep Cherokee had a passenger head injury level of 1796 compared to a driver score of 968, and the Chevrolet S-10 Blazer had a passenger head injury level of 2482 vs. a driver score of 834.

While both posted head injury levels of less than a 1000 for the driver, chest deceleration for the driver was 69 G's for the Jeep and 62 G's for the Chevrolet. The only other sport-utility vehicle crashed, the Ford Bronco II, had a head injury rating of 994 for the driver and 950 for the passenger.

Of the five large and mid-sized cars crashed, the Chevrolet Caprice posted the highest head injury numbers, recording 1328 for the driver and 1365 for the passenger.

NHTSA 1989 NEW CAR CRASH ASSESSMENT

Vehicle	Head injury criterion Driver	Head injury criterion Passenger	Chest deceleration (G's) Driver	Chest deceleration (G's) Passenger
SUBCOMPACT CARS:				
Mercury Tracer 4-door hatchback	940	425	48	38
COMPACT CARS:				
Ford Probe 2-door hatchback	970	496	46	35
LARGE AND MIDSIZE CARS::				
Chevrolet Caprice 4-door sedan	1328	1365	64	42
Chrysler Fifth Ave. 4-door sedan (ACP)	786	682	43	43
Eagle Premier 4-door sedan	877	868	46	44
Lincoln Continental 4-door sedan (ACP)	863	492	48	NA
Plymouth Acclaim 4-door sedan	663	810	46	50
TRUCKS, VANS, & MPV's:				
Chevrolet Astro Van	1849	1838	64	64
Chevrolet S-10 Blazer 4x4	834	2482	62	48
Ford Bronco II 4x4	994	950	58	51
Jeep Cherokee 4x4	968	1796	69	43
Mitsubishi Van	805	713	49	51

The Caprice was the only other vehicle in this round that scored higher than 60 G's for chest deceleration, recording 64 G's for the driver.

The mid-sized Plymouth Acclaim had the lowest head injury numbers with 660 for the driver.

Chevy Astro taxi has hinged doors on both sides; sliding door is gone.

Chevy considers taxi package for Astro

By Roger Rowand
AUTOMOTIVE NEWS STAFF REPORTER

Chevrolet may offer a four-door Astro taxicab as a factory-installed package.

New Era Transportation of Akron, Ohio, has developed the cab. The company makes medical transportation vans and driving adaptations for the handicapped.

Taxi companies are hard pressed to find successors to large vehicles such as the Dodge Diplomat and Plymouth Grand Fury, which went out of production last December.

In the cab configuration, the Astro's sliding right-side door is replaced by a large, hinged door. A similar hinged door is installed opposite it on the left side to eliminate passenger exposure to traffic while entering or leaving the vehicle.

If Chevrolet were to offer an Astro taxi package it would include an automatic transmission, heavy-duty front springs, wiring for additional lighting, taxi company paint and a 34-gallon fuel tank replacing the usual 17-gallon tank, said William F. Davis, founder of New Era Transportation.

Chevrolet executives called the vehicle a concept car and said the offering of a factory package is under consideration.

New Era Transportation already is distributing sales literature describing the Astro cab. The literature also discusses cabs made from the Ford Aerostar and Chrysler Motors' front-drive Dodge Caravan and Plymouth Voyager minivans.

High VW post puts Goeudevert on road to top

Goeudevert

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

COLOGNE, West Germany — Daniel Goeudevert, who surprised the European industry by resigning as head of Ford of Germany last spring, has turned heads once again with a pending move to Volkswagen AG that places him squarely in the race to succeed VW Chairman Carl Hahn.

The outspoken, 46-year-old Frenchman had run Ford's large West German operation for eight years. But he said in an interview with Automotive News that he reached a career impasse with the American company.

A fervent admirer of Ford Chairman Donald E. Petersen, Goeudevert said he left on the best of terms. But he admitted to some frustration at being unable to move to Ford's North American operations.

On the other hand, Goeudevert said he had no interest in going to Ford of Europe headquarters in the United Kingdom, which he described as "somewhere nowhere."

Once a literature professor at the Sorbonne in Paris, Goeudevert left Ford May 1 with the intention of completing a book on the auto industry and founding a management school in Germany.

But after Autolatina executive Gerd von Briel, the designated successor to retiring VW Vice Chairman Horst Muenzner, was killed in a helicopter crash in Brazil last March, Goeudevert was approached about the VW job. Autolatina is a joint venture between Ford and VW in South America.

He is expected to inherit Muenzner's management board position -- in charge of purchasing and logistics — pending approval at the July 12 supervisory board meeting.

Hahn, 62, is due to retire in the early 1990s, and Goeudevert and Audi AG Chairman Ferdinand Piech are being looked at as leading candidates to replace him.

"If the board approves, I will be happy to join," said Goeudevert. "I will be able to implement a lot of the things I have discussed, and it fits with my plan to be active with my school."

He said he would not join VW until the end of the year.

Goeudevert, who ran marketing operations at Citroen and Renault before joining Ford, called the proposed VW purchasing and logistics job "a fascinating position, at the center of engineering, manufacturing and finance."

He declined to comment on his prospects for succeeding Hahn.

The rapid return to the auto business surprised even Goeudevert, though he said he received four solid offers from European carmakers.

"I was hoping to have one to two

see GOEUDEVERT, page 43

RAY OF HOPE: *High court says due process may limit punitive damages*

By Helen Kahn
SENIOR CORRESPONDENT

WASHINGTON — The Supreme Court ruled last week that businesses cannot expect the Constitution's "excessive fines" provision to protect them from heavy punitive damage awards in civil lawsuits.

But the court left the door open for a similar case if the same question were raised under the Constitution's due process clause.

The case was watched closely by the auto industry because of its product-liability award implications. It involved a Vermont subsidiary of Browning-Ferris Industries of Houston, which was assessed a $51,000 judgment and $6 million in punitive damages for attempting to put a rival waste disposal firm, Kelco, out of business.

Browning-Ferris asked the court to review the punitive damages. The company called them excessive since they were 117 times the compensatory damages.

The Motor Vehicle Manufacturers Association, along with the National Association of Manufacturers, the U.S. Chamber of Commerce and others, filed briefs on behalf of Browning-Ferris. Consumer and trial-lawyer groups filed on behalf of Kelco.

The Supreme Court's 7-2 decision turned on whether the Eighth Amendment, which is normally applied to criminal cases, could ever apply to private litigation. The amendment prohibits excessive fines or cruel and unusual punishments. The court majority decided the intent of the amendment was to protect individuals against excesses of government but not to protect private party litigants.

But the majority, while refusing to address the due process clause of the Fourteenth Amendment because it was not properly before the court, admitted that some of its earlier decisions suggest that due process "places outer limits on the size of a civil damages award made pursuant to a statutory scheme."

Justices William Brennan and Thurgood Marshall filed a concurrence "on the understanding that it leaves the door open for a holding that the due process clause constrains the imposition of punitive damages in civil cases brought by private parties."

William Crabtree, general counsel and vice president of MVMA's law division, said the group was "disappointed at the court's decision."

"The large number of briefs filed in the case by the business community indicates the importance of the issue of uncontrolled punitive damages, Crabtree said. "MVMA joined with seven other trade groups in a brief; several more were filed, all urging the court to act to limit punitive damages.

"The court will certainly consider it again, when it can be reviewed as a due process of law question," he said.

"In the meantime, we expect that state legislation to limit punitive damages awards will get fresh attention and will accelerate."

New effort made to limit product liabiity

WASHINGTON — A product-liability reform bill introduced in the House of Representatives could dramatically reduce the number of lawsuits filed against auto manufacturers.

The bill, introduced by Rep. Thomas Luken, D-Ohio, is similar to legislation that died in a House committee last year.

Luken's bill would limit an automaker's liability if the claimant misused or altered the product or was drunk or on drugs; if the manufacturer did not or could not know about a defect; or if there was no technically feasible way to design a safer product.

It has the support of the Product Liability Coordinating Committee, a consortium of companies that have pushed for liablity reform. Members include American Honda Motor Co. and Toyota Motor Sales U.S.A..

The bill "promises new fairness, consistency and speed in resolving liability issues that have crippled American producers and cost consumers dearly," said St. Clair J. Tweedie, chairman of the group.

Consumer groups oppose the legislation. "We're hoping that it isn't going to go anywhere," said Christin Rand, an attorney for the Consumers Union of the U.S.

— Diana T. Kurylko